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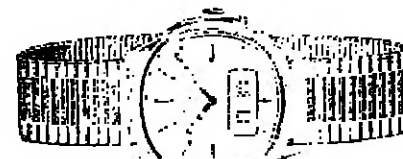
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No. 27.714

Tuesday November 14 1978

FINANCIAL TIMES



AVIA
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NEWS SUMMARY

GENERAL
UN bid to halt Namibia polls

The United Nations Security Council took a step closer to imposing sanctions against South Africa yesterday by passing a resolution calling on the country to cancel its planned elections in Namibia immediately.

The five Western nations, including Britain, abstained from a vote, which threatened appropriate action if South Africa did not agree to UN-supervised elections. But the ordering of the resolution leaves room for compromise.

In Johannesburg, Mr. Brand, Foreign Secretary, said it was "obvious" that his government would not call off elections. Back Page

J.S. offers new Mid-East plan

Egypt and Israel are studying a U.S. compromise plan aimed at overcoming the main stumbling block of the Palestinian question towards a peace treaty as delegates from both countries prepared to return home from Washington for consultations. Page 4

Watwick switch may be put off

Britain may postpone the April 1 date set for transferring from Heathrow to Gatwick all scheduled air services between London, Spain and Portugal.

However, Iberia, the Spanish flag-carrier, says it is determined not to move its flights to Gatwick unless ordered to do so by its own Government.

Air fares revolt

Four North American airlines are expected to withdraw from the coming weeks from the air-fares activities of the International Air Transport Association. But they are not expected to pull out. Back Page

Iran oil hopes

Production in Iran's strike-hit oil industry appeared to be returning to normal gradually, though there were reports of further clashes between security forces and demonstrators demanding an end to martial law. Yesterday's output was 500,000 barrels. Page 4 and 22

Potholes saved

Four potholes, including a badly injured girl, were rescued from a cave at Buckden, Yorkshire, after a desperate race against rising floodwaters. They were trapped for 22 hours.

Bread strike talks

Bakers' union leaders, who called a nationwide strike two weeks ago to press for a 36 per cent pay rise, are to meet employers following mediation by the Advisory Conciliation and Arbitration Service. Page 10

Now fear this

The Government is discussing with the Health and Safety Executive ways of dealing with the risk of unqualified people carrying out ear piercing. The Health Minister told the Commons. Parliament, Page 10

Briefly

An electrical fault blacked out large areas of the House of Commons, although debate was not interrupted.

A French journalist was charged with concealing a criminal after an interview with a man said to be the country's most wanted man was published in Paris Match.

Editor Simon Jenkins of the Evening Standard has resigned after disagreements with Mr. Vic Matthews, chairman of Express Newspapers. Page 8

CHIEF PRICE CHANGES YESTERDAY

RISERS	
London Rubber	164 + 4
Commercial Union	142 + 6
South Western	145 + 7
London 75	73 + 4
Accident	198 + 10
De Beers	315 + 7
De Beers Ltd	185 + 4
De Beers Scott	223 + 3
De Beers	224 + 3
RTZ	683 + 11
De Beers Bank	238 + 6
NatWest	272 + 4
De Beers	65 + 4
Richardsons Wirth	45 + 4
Riley (E. J.)	37 + 8
Royal Insurance	348 + 8
Satchell and Satchell	105 + 8
Smith Inds	199 + 4
FALLS	
Stag Line	100 - 10
Samuel Wolsley	41 - 4
Tarmac	143 - 5
Unilever	540 - 8
Walker (A.)	233 - 7
Wolsey-Hughes	207 - 4
BP	805 - 24
Shell Transport	577 - 15
De Beers Ltd	350 - 6
Hartbeest	412 - 1
Kloof	493 - 23
RTZ	238 - 5
Sulfoline	289 - 6
ASSED, DAILIES	
H.C. Shaghai	254 - 13
Jardine Matheson	189 - 18
Ayer Ilham	310 - 10
Berjuntai	210 - 5
Troob	210 - 10

BUSINESS

Equities firm; tin falls £245

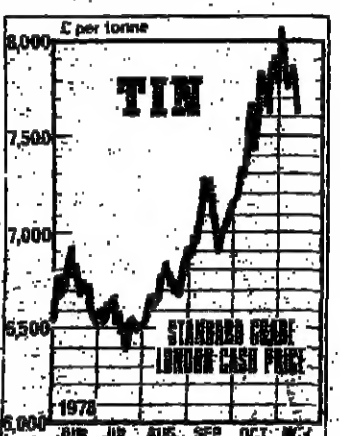
EQUITIES were firm, with small investment demand for leading industrials. The FT ordinary share index closed 1.3 up at 474.5. In Hong Kong, the Hang Seng index fell 37.93 to 537.16 in heavy selling across the board. In Germany, the Commerzbank index fell 6.3 to 821.3.

GILTS improved and the Government Securities index rose 0.06 to 67.98.

STERLING lost 10 points to \$1.9670. Its trade-weighted index remained at 62.2. The dollar's depreciation narrowed to 9.8 per cent (9.9).

GOLD rose \$21 in London to \$2101 and in New York the Comex November settlement price was \$210.60 (\$209.60).

TIN prices tumbled on the LME on heavy speculative selling.



Standard grade cash fell £245 to £7,610 a tonne.

WALL STREET, depressed by the Prime Rate increase and other inflation news, fell 15.08 to 792.01 in moderate trading.

U.S. TREASURY bill rates were: three 8.593 per cent (8.026), six 9.291 per cent (8.419).

LLOYD'S of London is to raise the maximum level of professional indemnity cover required of its own insurers from £5m to £20m. Page 7

JAPANESE high equipment company is believed to be close to agreement with the Government for the rescue of Strathairn, an ailing Government-sponsored company in Northern Ireland.

LABOUR

Talks at Ford tomorrow

FORD workers have asked that fresh talks on the strike which has been going on for nearly two months be started, and Ford management and union negotiators will meet tomorrow.

At Vauxhall, 3,500 skilled workers at Luton and Dunstable have refused to join 900 workers at Ellesmere Port in a pay differential strike. Page 10

VOLEWAGEN and Nixdorf, both of West Germany, are holding talks which could result in VW taking a stake in one of Germany's most vigorous privately-owned computer companies. Back Page

DAWSON INTL. has made a revised £24.9m cash and share offer for John Haggas, the Yorkshire yarn spinner. Page 26 and Lex

U.S. JUSTICE DEPARTMENT has filed an anti-trust suit against United Technologies' \$10m bid for Carrier Corporation. Page 28

NIPPON STEEL reports net profit 37.7 per cent up at ¥10,700m from ¥7,770m for the half year to September 30, because of exchange rate gains. Page 31

Callaghan calls for basic reforms in Common Market

BY RICHARD EVANS, LOBBY EDITOR

Mr. James Callaghan said last night that fundamental Common Market reforms were needed urgently and warned that Britain could not become the largest net contributor to the EEC budget.

He accompanied his warning, at the Lord Mayor's banquet in Guildhall, by a clear hint that Britain would not be prepared to join the European Monetary System on the proposed date early next year.

His view was that any members of the Community who proposed to stay out of the scheme at present should not impede its establishment by others.

He urged that the scheme should be drawn up flexibly enough to allow for enlargement and change at a later date, possibly involving the dollar.

Although much of the tone of the Premier's speech was undoubtedly critical of the way the Common Market has developed, his underlying conviction remained one of optimism.

"I have no doubt that the Community will continue to progress and that co-operation will grow. What is now needed is to recall the original objective of the Community, namely that its purpose was to strengthen the economies of members and by reducing regional differences to ensure their harmonious development," he said.

The Prime Minister's basic argument was that while Britain

did not seek to amend the true objectives of the Community, fundamental changes were

The Prime Minister inserted in his Guildhall speech a plea to the nation about the heads of trade union leaders and negotiators to back the Government's policy of restraining pay demands to ensure the maintenance of single-figure inflation.

"I ask the British people to make the cynics swallow their own words. . . I seek the active support of every man and woman in these tasks," he declared.

But significantly Mr. Callaghan did not mention the 5 per cent guideline—a figure that would also be excluded from the statement agreed between Ministers and TUC leaders which could be published today.

needed not just for the sake of the UK but for the Market as a whole. He made his speech against the background of growing disenchantment among Labour activists and MPs at Britain's role in the Common Market, and shortly before a divided Cabinet

reaches its verdict on EMS.

In particular, the Prime Minister could not agree that Britain should become the largest net contributor to the budget. A report from the Commission's Economic Policy Committee disclosed yesterday suggested that given current trends Britain could overtake West Germany as the largest contributor by 1980.

The basic weakness at present, said Mr. Callaghan, was that over 70 per cent of the total Community Budget was swallowed up by agricultural support.

Mr. Callaghan proposed three changes he said were necessary in the short term to correct such a fundamental imbalance:

1—The Community should take a more liberal attitude towards agricultural imports from the rest of the world.
2—The Common Market should use the available export subsidies better.
3—The member-nations should reconsider their policy of increasing price support every year and should put an end to a situation in which they actually increased the price support of a product already overproduced.

EEC finances Page 2

Growth of UK economic activity slackens slightly

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE PACE of the upturn in economic activity has slackened slightly in the past few months after the rapid advance earlier in the year.

But the fall may be short-lived. Demand should be buoyed by this week's increase in social security benefits and by the implementation of further tax cuts.

A slight easing from the buoyant conditions of the spring and early summer is indicated by the retail sales figures for October and the industrial production index for September, both published yesterday.

Industrial output has been held back by disputes, notably at Ford, while there may also have been some adjustments in the level of stocks of goods.

The check to the advance is relative only to the earlier rapid growth. Those at stake in shops, transport and as sub-contractors are also affected because AEC is the biggest employer. The whole town will be affected.

A mass meeting of AEC Lancashire and Manchester was called for Friday to discuss a campaign of resistance to the closure.

However, it is certain that a decision of this size would already have been discussed by the BL Board and the National Enterprise Board. There is also every sign that the Government

Retail sales (1971=100)		Industrial production (1975=100)	
1977 1st	103.3	105.6	103.9
2nd	102.5	105.5	102.4
3rd	104.3	106.3	102.3
4th	104.4	105.9	102.1
1978 1st	106.3	107.1	102.5
2nd	108.0	111.1	105.4
3rd	110.8	110.6	104.8
July	111.4	111.1	105.2
August	111.8	110.9	105.2
September	109.5	109.8	104.0
October	109.5		

All data seasonally adjusted. Provisional. Sources: Department of Trade and Central Statistical Office

The volume of sales in the past two months was below the high level of July and August, when the index averaged 111.4, but above that in the earlier months of this year.

Between August and October sales volume was only 1 per cent higher than in the previous three months, while during the first ten months of 1978 trade was about 41 per cent above the annual average for last year.

The retail trade had expected a lull during the early autumn following buoyant earlier sales boosted by large back-dated income tax cuts.

The further payment of tax cuts will result in the payment of £200m of rebates in the next few weeks, apart from the impact of the higher social security benefits.

Any rise in consumer demand should lead to renewed expansion of industrial output, which was severely hit by the 1975-76 recession.

The First National Bank of

BL to close Southall factory

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL, formerly British Leyland, is willing to back Mr. Michael Edwards, BL chairman, in his efforts to improve the group's performance.

In the first half of the current year, Leyland Vehicles just about broke even on tractor, truck and engine production, compared with a £21m taxable profit in the same period of 1977. The division will make a substantial loss for the year as a whole.

Discussions with the unions about a major rationalisation programme for heavy trucks operations have been going on for some time. It could involve a further 1,000 redundancies in

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Drews Lane strike
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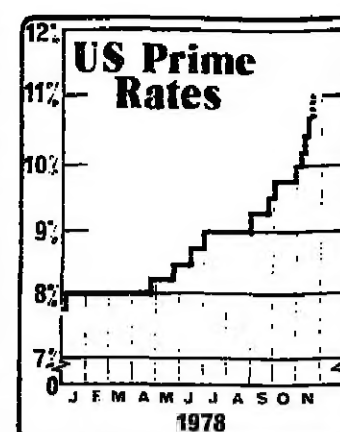
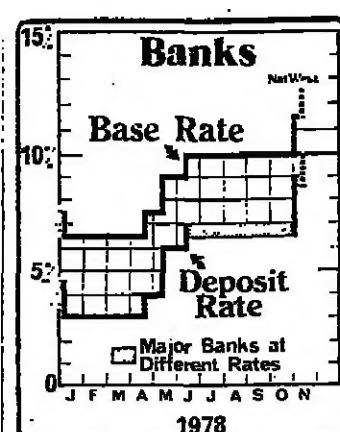
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For latest Share Index: phone 01-246 8126



NatWest base rate up 1%

BY MICHAEL BLANDIN

THE COST of bank overdrafts was increased again yesterday as National Westminster Bank raised its base rate by 1 per cent to 12 1/2 per cent.

The move brought the banks' base rate into line with the Bank of England's Minimum Lending Rate, which was increased sharply last week by 2 1/2 per cent to 12 per cent.

The other big banks are expected to follow the NatWest lead shortly, although last night they were still waiting for the level of rates in the money market to settle down after last week's changes before making their final decisions.

At the same time, NatWest increased the competition for deposits and took a further cut in its own profit margin by lifting the rate paid on its branch deposits by 1 1/2 per cent to 10 per cent.

NatWest's moves were followed by its subsidiary, Caut.

The increase could bring renewed pressure on the building societies, which last Friday in response to the MLR rise, an-

Lex Back Page

Three U.S. banks raise prime rates to 11%

BY STEWART FLEMING

NEW YORK, Nov. 13.

ANOTHER ROUND of increases in U.S. prime rates appeared to be under way today as three large banks raised the interest rate they charge their best customers from 10 1/2 per cent to 11 per cent.

The increase has been expected for several days, as a result of the higher cost of money resulting from President Carter's measures to support the dollar.

The stock market, fearful of recession, took the new badly. Share prices fell sharply, the Dow Jones Industrial Average closing 15.08 down at 792.01.

Mr. Barry Bosworth, director of the Council on Wage and Price Stability, said that in the longer term higher interest rates meant an inevitable curtailment of home building and business investments and a recession which could be "more severe than that of 1975."

The First National Bank of Chicago, the 9th largest bank in the country, led the way to higher prime rates today, followed by First Pennsylvania Bank, the 19th largest, and the Trust and Savings, the 24th largest.

However, the banks are anxious to increase their lending charges to offset the sharply increased costs they are having to pay to obtain funds. Since loan demand continues to be strong, they are able to do so and it therefore seems highly likely that other banks will follow First Chicago's lead.

In New York

Nov. 13

3 month 8.18/8.19 8.19/8.20 8.20/8.21

6 months 8.28/8.29 8.29/8.30 8.30/8.31

12 months 8.38/8.39 8.39/8.40 8.40/8.41

15 months 8.48/8.49 8.49/8.50 8.50/8.51

18 months 8.58/8.59 8.59/8.60 8.60/8.61

21 months 8.68/8.69 8.69/8.70 8.70/8.71

24 months 8.78/8.79 8.79/8.80 8.80/8.81

27 months 8.88/8.89 8.89/8.90 8.90/8.91

30 months 8.98/8.99 8.99/9.00 9.00/9.01

33 months 9.08/9.09 9.09/9.10 9.10/9.11

36 months 9.18/9.19 9.19/9.20 9.20/9.21

39 months 9.28/9.29 9.29/9.30 9.30/9.31

42 months 9.38/9.39 9.39/9.40 9.40/9.41

45 months 9.48/9.49 9.49/9.50 9.50/9.51

48 months 9.58/9.59 9.59/9.60 9.60/9.61

51 months 9.68/9.69 9.69/9.70 9.70/9.71

54 months 9.78/9.79 9.79/9.80 9.80/9.81

57 months 9.88/9.89 9.89/9.90 9.90/9.91

60 months 9.98/9.99 9.99/10.00 10.00/10.01

63 months 10.08/10.09 10.09/10.10 10.10/10.11

66 months 10.18/10.19 10.19/10.20 10.20/10.21

69 months 10.28/10.29 10.29/10.30 10.30/10.31

72 months 10.38/10.39 10.39/10.40 10.40/10.41

75 months 10.48/10.49 10.49/10.50 10.50/10.51

78 months 10.58/10.59 10.59/10.60 10.60/10.61

81 months 10.68/10.69 10.69/10.70 10.70/10.71

84 months 10.78/10.79 10.79/10.80 10.80/10.81

87 months 10.88/10.89 10.89/10.90 10.90/10.91

90 months 10.98/10.99 10.99/11.00 11.00/11.01

93 months 11.08/11.09 11.09/11.10 11.10/11.11

96 months 11.18/11.19 11.19/11.20 11.20/11.21

99 months 11.28/11.29 11.29/11.30 11.30/11.31

EUROPEAN NEWS

Hungary devalues in Europe

By Roger Boyes

HUNGARY has devalued the forint against six West European currencies and revalued it by 5 per cent against the U.S. dollar. The devaluation is apparently aimed at making Hungarian goods more competitive in the vital West European markets and the increase in the forint/dollar rate reflects the downward trend of the dollar in world markets.

According to an announcement by the Hungarian National Bank, the forint was devalued by 8 per cent against the D-Mark, the Belgian franc, the Dutch guilder, the Luxembourg franc, and the Austrian schilling. The forint was devalued by 8 per cent against the Swiss franc. The exchange rates for sterling, the French franc, the yen and the Italian lira were not changed.

One of the more immediate effects of the devaluation is expected to be a further boost in tourism from the West which has increased rapidly over the past few years. The devaluation of the forint against the Austrian schilling is likely to be an additional incentive for Austrians to holiday in Hungary, when visa regulations are lifted next year.

In an interview, Dr. Janos Farkas, deputy president of the Hungarian National Bank, said that by devaluing the forint against the hard currencies, "we want to make our foreign trade partners interested in reducing their costs. We want them to buy goods for dollars, where that is possible."

"On the import side, the same thing means that products purchased for hard currency will become more expensive, so the companies will have to be more careful in choosing their sources of supplies."

The move, reported by the Hungarian news agency, MTI, shows a concentrated effort by Budapest to make foreign trade negotiations more effective and more responsive to price movements in the West. Earlier this year,

EUROPEAN COMMUNITY FINANCING

UK could become top contributor

BY MARGARET VAN HATTEM

FIGURES CONTAINED in a confidential EEC report indicate that Britain will, by 1980, be paying more on balance to the Community budget than any other member, are expected to provide ammunition for the UK Government in its fight to restructure the EEC financing system.

The report is part of the "concurrent studies" undertaken, at British insistence, to examine how weaker EEC economies can be strengthened to a point where they could live with the constraints of the proposed European Monetary System (EMS).

The report which was prepared by the EEC economic policy committee (representing nine governments and the Commission) contains few surprises. Even the statistical tables annexed to it merely spell out the effects of the phasing out of transitional budgetary arrangements to limit the contribution of the UK, Ireland and Denmark in the early years of EEC membership.

That is, they indicate a sharp rise in the net British contribu-

tion and a sharp fall in the net attempt to analyse the budget in terms of net contributors and recipients but there seems to have been a marked shift of opinion within the Commission.

This trend was expected. But the most startling thing about the report is its presentation of a detailed breakdown of Community financing in terms of national gains and losses. The EEC Commission, let alone those countries receiving most out of the budget, has long resisted the

	EEC budget under present restricted system, millions of ECU Units of Account	Net transfers with unrestricted contributions, millions of ECU Units of Account	Per capita GNP as percentage of EEC average
West Germany	-1,291.67	-854.66	135
France	-44.49	-171.05	122
Italy	-66.43	-171.75	56
Holland	+286.05	+284.64	121
Belgium	+378.35	+467.53	73
Britain	+408.40	+311.70	73
Ireland	+519.62	+494.22	141
Denmark	+436.23	+436.23	100

+ denotes a net recipient; - denotes a net contributor.

over the past few months, culminating in its Green Paper, published last week, which argues for a more direct relation between budget contributions and ability to pay.

EEC budget revenues are

BRUSSELS, Nov. 13.

drawn from customs duties on imports from third countries, levies on agricultural imports, and 1 per cent of VAT from member countries. Britain, as a major importer from non-EEC countries, pays almost as much as France and West Germany into the EEC budget but recoups much less because most EEC spending is used up in supporting EEC farm prices. Britain, with a small, relatively efficient farming sector, gets less from this than most.

Under the Treaty of Accession, Britain paid only 45 per cent of its share to the EEC budget when it joined, this proportion gradually rising to 92 per cent in 1977 and 100 per cent by 1980. Statistics attached to the Economic Policy Committee report indicate that Britain's per capita contribution rose from around £2 a year in 1973 to around £8 now, and will reach £15 by 1980; Germans will pay £9.5 by 1980 compared with just over £14 now while Danes will, by 1980, receive £86 a head.

BASLE, Nov. 13.

bank governors at their meeting here, however, was whether the financing central banks can draw on to back their exchange market operations, and increasing the amount of short and medium term credit available from 100 to 250 million units of account (US\$100 million).

Mr. Jenkins held luncheon talks on European monetary plans with central bankers from major industrialised countries gathered here for a meeting of the Bank for International Settlements (BIS).

In his address, Mr. Jenkins said that he believed that argument over the obligations which countries would be under to keep currencies in line in the new currency unit and the Japanese yen. At the same time, he welcomed President Carter's recent package of dollar support measures.

The question facing central

Lambsdorff suffers party setback

COUNT OTTO LAMBSDORFF

the West German Economics Minister, has suffered a personal rebuff from his fellow members of the Free Democratic Party (FDP), when he failed to win election to the party's presidium, its highest deliberative body, writes Adrian Dicks in Bonn.

Instead, the party's annual conference at Mainz voted for Herr Horst-Juergen Lehmann, the head of Bremen state party, as part of what appeared to most observers to be a distinct swing to the left.

Count Lambsdorff, plainly piqued by his defeat in a straight contest, declined to stand for the larger party committee (vorstand), which he has in any case an official place as a member of the federal cabinet.

Herr Hans-Dietrich Genscher, Foreign Minister and leader of the FDP, had no difficulty in winning re-election to his post. But one of the main winners in the committee voting was Frau Ingrid Matthies, an articulate and forceful member of the younger generation in the Bundestag who plainly benefited from the liberals' restlessness with the essentially traditional policies identified with Count Lambsdorff and the right of the party.

Journalist charged over Mesrine interview

A freelance French journalist who interviewed France's public enemy number one, escaped prisoner Jacques Mesrine, was indicted yesterday for complicity in the crime, murder, theft, AP reports from Paris.

The charges against Isabelle de Wagon, wife of Mesrine's attorney, Jean-Louis Pelletier, stemmed from the publication of the interview in a July edition of the French magazine Paris Match.

According to police, she met Mesrine at a bar in Paris, though the latter claimed to have been taken blindfolded to a rendezvous with him in the country.

EEC tanker proposals

The European Commission has proposed rules aimed at avoiding oil and chemical spills by tightening control over tankers sailing to Community ports, AP reports from Brussels.

The Commission proposals, scheduled for debate by Transport Ministers next week, include a requirement that ships file papers before their voyages similar to flight plans required of aircraft. Oil, gas and chemical tankers of more than 1,000 gross tons would be required to give advance notice of their ports of call, as well as details of their cargo and the estimated time of arrival. They would be obliged to stay in constant radio contact with port authorities and radar stations.

Swiss unemployed

The number of unemployed in Switzerland rose 14.5 per cent in October from a month earlier, and was up 8.5 per cent from October, 1977, AP-DJ reports from Bern. At the end of October, a total of 9,385 jobless were reported, up by 1,375 from September and by 723 from October last year. Some 0.3 per cent of the Swiss workforce was out of work.

Shipboard walkout

Greenmen aboard a Singapore-registered freighter docked in Amsterdam have halted work in a bid to win more pay and better working conditions. The Dutch seamen's union told AP. Some 25 deckhands and officers aboard the Tropwind, which is owned by the Navicon Shipping Company of the U.S. but sails under the Singapore flag, began the walkout on Sunday evening. The captain and other non-striking officers are Polish, while the majority of the strikers are Filipino.

Genscher shooting

Police were searching yesterday for an unidentified man who fled after exchanging shots with a guard outside the Bonn residence of Herr Hans-Dietrich Genscher, the West German Foreign Minister, AP reports.

Moi in Paris

Kenyan President Daniel Moi yesterday started his first foreign visit since taking office by sound-ing out French views on ending the unrest in the Horn of Africa. He will spend three days talking to President Valéry Giscard d'Estaing, Prime Minister Raymond Barre and Foreign Minister Louis de Guiringaud. Meanwhile, Hungarian leader Janos Kadar is expected to visit France on Wednesday in a move to force closer political and trade links between the two countries.

Yugoslav export bank

The Yugoslav Bank for International Economic Co-operation will begin operations next year, Mr. Zlatko Mursec, Deputy Federal Secretary for Finance, told AP-DJ in Belgrade. The bank, set up by an agreement among the six Yugoslav states and two autonomous provinces, is to provide export credits and finance investment abroad.

Arab UNESCO plea

Twenty Arab nations urged UNESCO's general conference yesterday to renew its condemnation and continue its sanctions against Israel for its archeological excavations in Jerusalem, AP reports from Paris. The Israeli Ambassador strongly denied Arab allegations that Israeli excavations were endangering Islamic historical monuments.

Dublin accused

Mr. Michael O'Leary, deputy leader of the Irish Labour Party, who has claimed a million man-days could be lost this year because of strikes, says much of the blame must rest with the Government, writes our Dublin correspondent. The Government refusal to intervene in disputes, its abolition of wealth tax, and its failure to construct a fair tax system, had all contributed to the present climate, he said.

Portugal's President begins three-day visit to Britain

BY JIMMY BURNS

LISBON, Nov. 13.

PRESIDENT Antonio Ramalho Eanes of Portugal arrives in London tomorrow for a three-day State visit to Britain, Portugal's oldest ally and its major trading partner.

The trip has not come at the most convenient time for Portuguese officials admit. It was arranged months ago, while Dr. Mario Soares was Prime Minister and before the collapse of the Socialist-Conservative alliance in July led Portugal into its present political limbo.

During his London visit President Eanes leaves behind him in Lisbon his Prime Minister designate, Sr. Carlos Mota Pinto, who is still trying to form an administration after nearly three weeks of talks.

Because of the political vacuum at home, the President also leaves behind him the travelling troupe of Portuguese businessmen and bankers who accompanied him on a state visit to Brazil earlier this year.

Ironically, one of the few people who will be accompanying the President is Sr. Correia Cago, the present caretaker Foreign Minister, who is likely to be dropped from his post when Sr. Mota Pinto has formed his Government.

Despite the handicaps, however, President Eanes is expected to make the best of an ostensibly "business" visit.

Primarily he will seek to assure British political leaders and businessmen that his country is not on the way back to chaos but rather well on the way towards responsible membership of the EEC as a consolidated parliamentary democracy.

Britain, is among the few European countries to have remained constant in its support for Portuguese entry into the Community, largely on "political grounds."

Although no trade agreements or contracts will be signed during the visit, President Eanes is expected to discuss ways of improving Portugal's already substantial trade with Britain.

In the first nine months of this year, Portugal exported £190.8m worth of goods to Britain and imported £234m worth, respectively increases of 8.6 per cent and 2.1 per cent over the same period.

Lower Spanish inflation forecast

MADRID, Nov. 13.

FERNANDO ARBIL, MAR, inflation around 10 per cent, said TORELL, the Economy Minister, is five points less than the 15.5 per cent he believed Spain could with which we will close 1978, reduce its annual inflation rate he told the daily newspaper Ya, to 10 per cent by the end of next year, from 15 per cent at 5 per cent with growth of between 4 and 5 per cent which will begin to arrive at the end of 1979 with Reuter.



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MIXED HARVEST FOR FRENCH WINEGROWERS

Red noses in the Beaujolais

BY ROBERT MAUTHNER IN PARIS

THIS YEAR'S Beaujolais that some 750m bottles will be produced this year, which means from Wednesday onwards, is not that a slightly bigger proportion than usual of drinkers will actually imbibe the genuine traditional sparkle.

What Beaujolais has gained on the swings, Champagne has lost on the roundabouts. The dry Indian summer has produced, what even M. Raymond Barre, the Prime Minister, who is not exactly famed for looking on the bright side of things, described during a recent visit to the Beaujolais vineyards as "an excellent vintage." But the wet weather which preceded the sunny autumn has played havoc with the bubbly grape, shrinking bunches to only a shadow of their normal selves.

The vineyard which was last year passed off as new Beaujolais and which eye-witnesses felt needed "to settle a bit," has been succeeded by a royal, frosty hectar, billed as the finest since the great 1982 vintage. Winegrowers estimate

Owners of small petrol stations throughout France began a week of protests yesterday against government measures allowing price cuts. The garage owners complained that the measures, allowing cuts of 12 centimes a litre (about 12 cents a gallon) favoured big stations, while small country garages were still forced to charge the full price. In the Auvergne department, in the south-west, owners of some large stations said sugar had been poured into their petrol

As everybody knows, much more Beaujolais is sold in the world than is ever produced in the tiny region. Miracle of miracles, the good

harvest has induced even French winegrowers to reduce their wholesale prices by some 5 per cent, but as usual, good reasons have been found for not passing

While noses are red in the Beaujolais, cheeks are wan in the Champagne, so much so that the Champagne industry's committee has felt obliged to publish a long communiqué explaining the Waterloo which has overtaken the region.

Not that there is anything wrong with the quality of the Champagne grapes. Ah, non monsieur. Their alcoholic content and their acidity is considered by the experts to be "very honourable." But honour in this materialistic age is not what it used to be, and the quantity of grapes harvested this year has been frankly disastrous.

According to provisional estimates, only some 570,000 hectolitres have been produced, no more than about a third of the average harvest in the past three years, one hesitates to translate this figure into bottles, for fear

they will be making a present to of causing heart attacks among the most sensitive readers of this newspaper. Only about 75m bottles, compared with 170m in 1977, will reach the merchants.

Naturally, retail prices will be affected by the 15 per cent increase in the price of the rare Champagne grapes. It is little comfort to learn from the distinguished Champagne committee that the price of Champagne to the consumer has not, in fact, kept pace with the general increase in the cost of living.

Certain prudent readjustments have already taken place or should occur during the next few months. It has coily announced. Which just goes to show that when the wine is good and plentiful, you are sure for the corks, and when it is anaemic and in short supply you are subject to the normal law of supply and demand. "A la votre, Messieurs et Mesdames."

Protest vote expected as Brazil goes to the polls

BY DIANA SMITH IN BRASILIA

ON NOVEMBER 15 Brazil's 44m registered voters go to the polls to choose deputies to state assemblies, the national congress and two thirds of the senate. The remaining third of Brazil's senators are appointed by the central Government.

The election results will take several days to come in from far-outlying areas in this country of over 3,000 municipalities. Once they are collated the public will know whether President-elect General Joao Baptista Figueiredo must face an opposition majority in congress—and how he intends to deal with it.

Voting is compulsory. The 44m Brazilians who are either literate or over the age of 18, of a total population of nearly 120m, must cast their ballots either for the pro-Government party Arena (Brazilian Democratic Movement) or leave them blank.

The election campaign began on September 15, operating within the strict framework of a Ministry of Justice law passed in 1974 after a heated campaign and substantial MDB gains. Under this law, candidates are prohibited from making political speeches on the broadcasting media.

Thus, in principle, Brazil's electioneering propaganda is restricted to two hours per day of free air time for both parties which, on television, display still photographs of candidates and run tapes containing brief, innocuous biographies read by an announcer.

In practice, political speeches have been aired on the media: not by candidates but by General Figueiredo and outgoing President Ernesto Geisel. This indirect pro-Arena propaganda has recently acquired particular significance after Luis Carlos Prestes, former head of the (now illegal) Brazilian Communist Party, issued a manifesto in Paris urging the Brazilian people to vote for the MDB as the "only way to bring democracy to Brazil."

This appeal was seized on by President Geisel and President-elect Figueiredo, touring the country on Arena's behalf under a barrage of TV cameras and radio microphones, as an indication that the MDB was "infiltrated by Communists." The accusation was repudiated by MDB leaders who stressed that the strict requirements for qualifying as a party member would preclude entry of any Communist into the party's ranks.

The MDB is expected to sweep the board in Brazil's most prosperous, industrialised states, Sao Paulo and Rio de Janeiro. It is also expected to win in the thriving agricultural and partially-industrialised state of Rio de Grande do Sul and do well in other southern states.

Even in the traditionally pro-Arena North and North East, backward and poor areas where local politicians tend to come from ruling families, MDB is likely to improve its showing.

This is not so much because the Opposition party has offered a concrete, alternative platform or has a homogeneous image, but because of the likelihood of a widespread protest vote.

The issues of greatest concern to the people of Brazil in 1978 are the high cost of food, rents, transport and other essentials,

because they have strong preferences for either party. Much of this apathy emerges from Brazil's artificial political party system: Arena and MDB were created 10 years ago as a catch-all for civilian politicians.

So loose is their structure that it is often possible to find stridently-democratic, reformist members of Arena and markedly Right-wing members of MDB. Above all the two groupings reflect Brazil's ancient tradition of personalised, elitist politics.

There is a new factor in 1978, however. General Geisel's willingness to soften the arbitrary powers of the military-technocratic system has led to an outspoken free Press whose mass circulation is rising and influence growing.

The public itself is more prone to criticise, no longer fearing harassment or arrest for unpatriotic opinions. Businessmen and unions are learning to deal directly with one another without Government patronage or protection. And, in the more sophisticated urban centres, at least, the wish and will to assert individual or group aspirations has become more marked.

Environment protection groups and other forms of protest movements have swelled in recent years and people are gradually moving away from the habit of expecting and allowing local patrons or national government to determine the course of their lives.

Furthermore, General Figueiredo has indicated that, quite early in his six-year term, which begins on March 15, 1979, new, multiple political parties will emerge. Thus, the November 15 elections, hinging on the obsolescent concept of Arena and MDB are, to a great extent, a transition towards a further, more radical transition.

The General has softened his tone since the early days when he emerged from his former position as head of Brazil's intelligence service, and said that an Opposition victory in November would cause him to "blow up." In subsequent public pronouncements, he has confined himself to saying that it "would be easier if Arena won."

Brazilian politics are often a question more of rhetoric than of content. Subliminal messages delivered to one group or another while the majority of the public remains outside the closed-circuit dialogue. Nevertheless the question of a strongly anti-Government Congress exceeds the bounds of rhetoric, and only the sometimes-perplexed voter will provide the answer.



President-elect General Joao Baptista de Figueiredo

A conference in Poland next week poses a crucial test for Britain's miners' union. Anthony Robinson reports on

The fate of Vladimir Klebanov

AN INTERNATIONAL miners' safety conference at Katowice, Poland, next week looks like becoming a major test case of the British National Union of Mineworkers' (NUM) readiness to honour a TUC commitment to support free trade unions "anywhere in the world" and to condemn psychiatric abuses. The commitment was made at the TUC Congress in Brighton in September.

The point at issue concerns the fate of Mr. Vladimir Klebanov, a former coal miner, and other members of the so-called "Association of Free Trade Unions" formed earlier this year in protest against the alleged inability or unwillingness of the official Soviet unions to safeguard the legitimate rights of their members.

Mr. Joe Gormley, leader of the eight-man delegation from the National Union of Mineworkers, goes to Katowice committed to raise the matter "informally" with his Soviet counterpart, Mr. Yevgeny Yefremenko. But a minority in his own executive, and Amnesty International, are pressing for a much more determined effort to investigate both the psychiatric state of Mr. Klebanov and others and the situation behind the formation of "free trade unions" in the Soviet Union.

Throughout Eastern Europe, including the Soviet Union, an effort is being made to raise production of coal and lignite. Much

of the effort is going into the exploitation of vast open-cast coal and lignite deposits like Belchatow in Poland and Ekibastuz and Kansk-Achinsk in the Soviet Union. Poland, Romania and the Soviet Union are building many new deep mines equipped with the latest automatic machinery and safety devices. A concerted effort is also under way to raise productivity in older mines.

The attempt to squeeze ever greater output out of existing mines frequently has been accompanied by higher production norms and heavy compulsory overtime which on several occasions has provoked strikes, and complaints against exploitation and the willingness of management to turn a blind eye to safety regulations and proper maintenance.

One of the biggest protests was two years ago in the Jiu valley mines of Romania, where striking miners openly abused President Nicolae Ceausescu for the conditions which had led them to

Polish miners too have protested against compulsory overtime, particularly Sunday work-

ing, and their protests were taken up by the Polish Bishops. Now the whole shift system is being drastically changed with the introduction of four six-hour shifts every day with miners working six shifts per week.

Under this system the mines work 24 hours a day seven days a week. Miners have one guaranteed day off per week, although they only have one Sunday in seven at home.

The event which drew international attention to working conditions in Soviet mines was the formation last January of the 200-strong Association of Free Trade Unions which was announced to the foreign press in Moscow by Mr. Klebanov, an ex-miner and pithead shaft supervisor in the Donbass coal mines.

Mr. Klebanov turned up after what he claimed were four years in a mental hospital and a total of ten years unemployment following dismissal for refusing to send miners down the pit with faulty safety equipment and for resisting management demands for excessive overtime.

It was the formation of this free trade union in protest against the alleged unwilling-

ness or inability of the official unions to safeguard workers' rights which concentrated the attention of western trade unions generally on the alleged abuse of workers' rights in Eastern Europe alongside the more traditional targets in Iran, South America, and elsewhere.

The NUM, in particular, which had already investigated the abuse of workers' rights in Chile and Bolivia in consultation with Amnesty International, came under pressure from some members of the national executive to take up the Klebanov case.

With considerable reluctance Mr. Joe Gormley, the union President, sent a letter and accompanying press clippings related to the Klebanov case to the president of the Soviet Union of Mineworkers, Mr. Yevgeny Yefremenko, asking for clarification of the situation.

After three months' delay, Mr. Yefremenko's reply was received and subsequently accepted by a 16 to 8 vote in the national executive. Mr. Yefremenko started by denying having had any knowledge of the Klebanov case until it was brought to his attention by Mr. Gormley's

letter, reminding him that attacks on the Soviet Union by the "bourgeois press" were nothing new, and insisted that "Soviet miners are quite satisfied with the trade union they set up at the dawn of the Soviet State."

As for Mr. Klebanov, Mr. Yefremenko said that he had been declared an invalid after receiving an head injury, was receiving a partial disability payment and a pension greater than the maximum coal miner's pension and that he had been offered several jobs, all of which he had turned down.

Amnesty International, however, which received a copy of the letter unofficially before the vote was taken, strongly contested the truth of these statements.

Amnesty maintains that, far from being a privileged pensioner, Mr. Klebanov, since announcing the formation of the Free Trade Union, was sent first to a psychiatric hospital and then to prison to await trial. He was to present at the trial and neither the charge nor the verdict are known to him, according to his wife. Following the trial, Mr. Klebanov was transferred to the special psychiatric hospital at Dnepropetrovsk where he still is.

In view of the evidence in its possession Amnesty wrote to the NUM secretary, Mr. Lawrence Daly, to suggest an investigation of the Klebanov case "perhaps as in the case of Bolotova, by the NUM participating in an Amnesty delegation to interview him and all other relevant persons."

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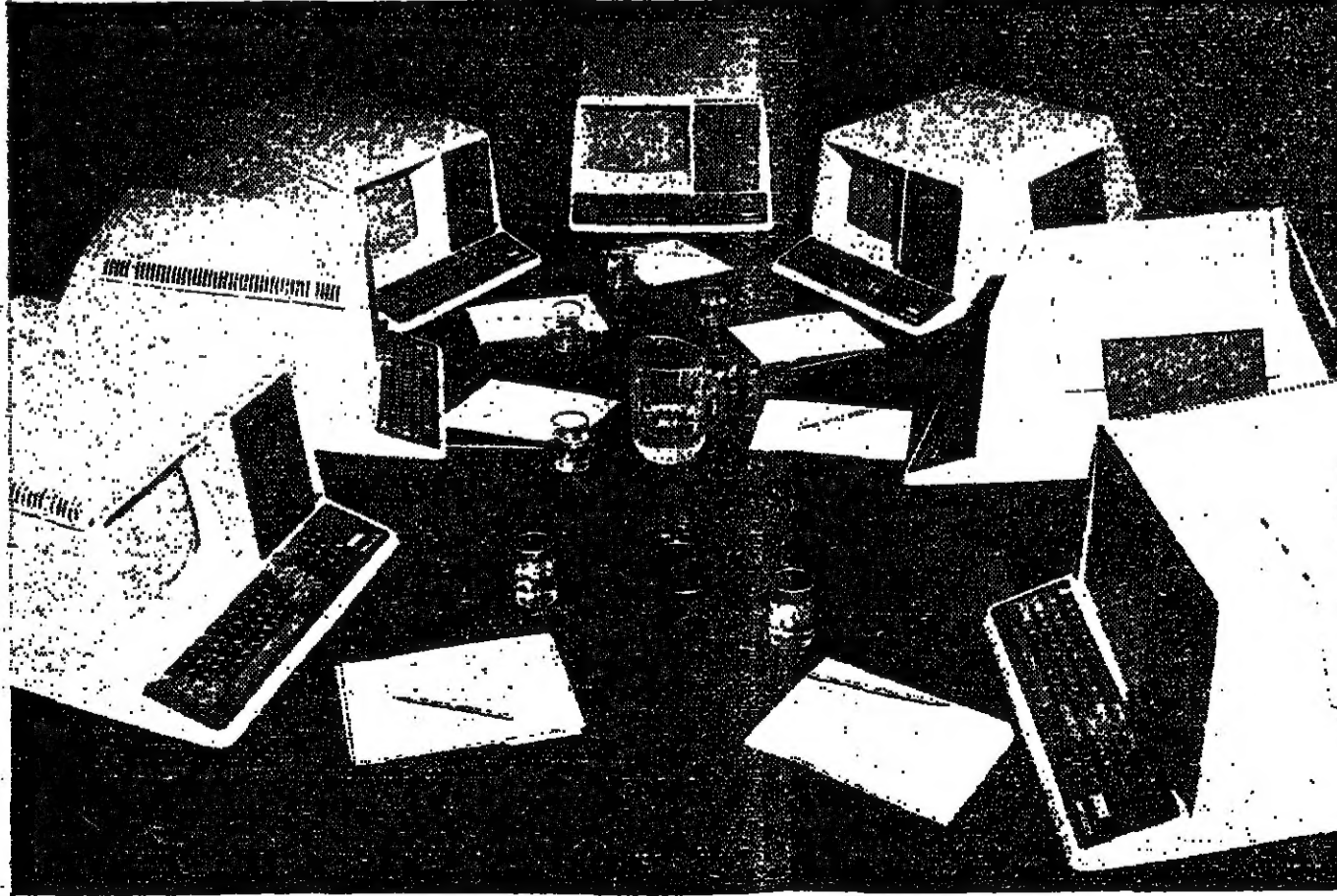
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Canada shortlists jet fighters

By Victor Mackie

OTTAWA, Nov. 13. THE CANADIAN cabinet committee trying to choose Canada's new jet fighter will recommend this week that the list be cut from six to two aircraft, for a final decision by the full cabinet. The \$2.34-billion contract will be awarded next year.

Defence Department sources said today that the two aircraft will be McDonnell Douglas F-15 or Northrop's version of the F-16.

The McDonnell Douglas F-15 is a relatively new advanced twin-engine carrier-based fighter, already being supplied to the U.S. Navy and Marine Corps.

A third aircraft may be added to the list. This could be the McDonnell Douglas F-15 or Northrop's version of the F-16.

President Carter signs law on banking reform

By Stewart Fleming

PRESIDENT CARTER has signed into law a sweeping banking reform measure which will increase the powers of federal bank regulators and give consumers added protection when using the new electronic technologies in banks.

The new law, the Financial Institutions Regulatory and Interest Rate Control Act, 1978, has emerged from Congress largely as a result of concerns about some of the banking practices revealed by inquiries into policies followed by Mr. Bert Lance, President Carter's friend and confidant.

Mr. Lance was an executive with the National Bank of Georgia and Calhoun First National Bank in Georgia before he became the President's first director of the Office of Management and Budget. He was forced to resign this post, as a result of public criticism of his banking practices.

But, as the new law would allow through Congress, several clauses were added which gave the legislation much broader impact.

So far as the regulation of banking practices is concerned, the law gives federal bank regulators powers to fine individuals for banking law violations, authority to remove bank directors who jeopardize the soundness of a bank, and prohibits overdrafts to bank insiders and limits loans to officers and directors to 10 per cent of a bank's capital.

It also allows regulators to block changes in bank ownership which endanger the institution's safety.

Another rider to the Act was an extension of the U.S. Export-Import Bank for five years, and an increase in its loan guarantee authority to \$400m, from \$250m.

For consumers, the Act limits the liability of a bank customer for unauthorized transfers through automated teller machines or other electronic transfer systems to \$50. There have been fears that computer frauds, through such equipment could involve banks' retail customers in huge losses.

Another rider to the Act was an extension of the U.S. Export-Import Bank for five years, and an increase in its loan guarantee authority to \$400m, from \$250m.

Proposal to boost civil defence

By James Buchan

WASHINGTON, Nov. 13. PRESIDENT CARTER has approved a plan which would more than double the amount of money spent on civil defence against a major nuclear attack, the New York Times reported today. Officials would not comment on the decision, said to be contained in a secret White House document issued last month.

The new programme, if authorised by Congress, would apparently cost \$200m and be completed by 1985. Spending on civil defence last year amounted to \$80m. Improved evacuation of civilians from big cities would be the primary aim of the new programme, the newspaper reported, rather than building underground shelters as the Russians have done.

Observers were sceptical that any civil defence programme could protect as many as 140m U.S. citizens in a major nuclear war, as the New York Times has reported. There is certainly some concern in the Administration about the investment that the Soviet Union has been making in civil defence, and its possible effect in diminishing the deterrent effect of U.S. nuclear weapons.

Further return to work in Iran's oilfields

By Andrew Whitley

TEHRAN, Nov. 13. LATEST REPORTS from Iran's oilfields say yesterday's signs of a gradual return to work have been confirmed. Small groups of workers have been drifting back and today's production was put by the National Iranian Oil Company at 2.4m barrels, compared with the peak levels of about 6.2m barrels the country should be achieving.

NIOC acknowledges that many strikers at the giant Abadan refinery yesterday voted against returning to work, but claims that the key technical staff are not among them. Refinery throughput today was said to be 370,000 barrels, little changed on last week.

Pockets of resistance clearly remain among the major oilfields, especially the huge Gachsaran field. But despite reports of striking workers, the feeling here is that the government is persisting with a soft approach to ending the strike.

The authorities qualified success over the oil industry strike not being repeated in its dealings with the Press and broadcasting. Official attempts to impose censorship on a wide range of issues, effectively muzzling what had become the region's freest news media in recent weeks, have met strong resistance from journalists and

A broad cross section of civil rights and dissident professional groups have issued statements over the past two days, since the arrest of the opposition leader, Dr. Karim Sanjabi, backing the continuation of the opposition movement.

Faculty members from the militant Aryamehr Technical University in Tehran today called on the regime to give up power immediately to a government enjoying "the trust of the people" to pave the way for a national referendum on the country's future form of government.

On Saturday a joint statement by five organisations accused the Government of setting fire to

buildings in Tehran last Sunday, to create the conditions for the Government take-over by the military.

In Tehran today there was disturbing evidence that the wave of publicly expressed feelings against separatist advisers and technicians is now being translated into direct action. Workers of the Telecommunications Company of Iran barricaded the company's premises and forced hundreds of Americans to leave the building and go home.

American Bell International employs about 800 expatriates in Iran on a major project to expand the country's telecommunication network.

St. Vincent moves smoothly to independence

By David Renwick in Port of Spain

WITH DOMINICA now having obtained full independence from Britain (the Union Jack came down for the last time on November 3), another Caribbean Associated State, St. Vincent, is trying to jump the queue and be next in line for nationhood ahead of St. Lucia, which most observers had assumed would follow rapidly on Dominica's heels.

St. Vincent's Premier, Milton Cato, hopes that he can manoeuvre himself into a position at the head of the independence class and has been ambitious enough to set a date, January 21 next year.

Embarrassment

Premier Cato seems undeterred by the fact that a similar attempt to identify a specific day for the transfer of autonomy made by St. Lucia's Premier John Compton in advance of the settlement of all outstanding issues (the choice December 13 this year) has proved something of an embarrassment. That deadline is apparently not going to be met.

However, Mr. Cato's confidence has been bolstered by the smooth way in which his discussions with the British Government over full self-determination have proceeded.

One reason for St. Vincent's comparatively uncomplicated progress towards independence is, probably the clear support for Mr. Cato and his policies in the

general election of December, 1974. The Premier's St. Vincent Labour Party (SVLP) won 10 of the 11 seats it contested and by overwhelming majorities in most cases.

Sobriety

Premier Cato's relative sobriety in fiscal affairs must also have impressed the British Government.

At a time of rising inflation, St. Vincent has managed to keep the increase in recurrent expenditure between 1974 and 1978 down to 47 per cent, while revenue improved by 80 per cent. Resisting the temptation for a pre-independence loosening of the reins, the Premier, who is also Finance Minister, proudly announced that "for the first time in several decades" St. Vincent had achieved a surplus on current account in the 1978-1979 budget recently presented to Parliament.

Current revenue in the fiscal year is estimated to be EC\$ 32m (£5.6m), while expenditure is set at EC\$ 31m. The capital budget is EC\$ 28m, making a total expenditure for the year of almost EC\$ 62m.

However, Premier Cato will probably find that the costs of independence are such that even his fiscal conservatism will be sorely tested. Indeed, he is likely to have to step back into recurrent budgetary deficit before the financial year is very much older



after independence, since he has made it clear that his Government intends to play a much more dynamic role in the economy in the future.

If the Government did not undertake certain ventures, they would not be undertaken at all," he said in his budget address. "And if they were not undertaken, our country would stagnate. Like most CARICOM Governments, in addition to our traditional role of maintaining law and order, we have had to become an entrepreneur. Those who would criticise the Government for doing so must ask themselves what are the alternatives."

Sugar industry

However, the piece de resistance of Premier Cato's post-independence plans is the programme to resuscitate the sugar industry. Only St. Kitts-Nevis of all CARICOM's less-developed countries (LDCs) grows sugar on a substantial scale and St. Vincent's objective is to revive the crop not as a means of earning export income in the initial stages but in order to save on import costs.

U.S. COMPANY NEWS

Justice Department opposes United Technologies' bid for Carrier. Dart posts offer for P. R. Mallory; Sun-Section Dickinson case opens—Page 28

Venezuela steel plant opened

By Joseph Mann

CIUDAD GUAYANA, Nov. 13. VENEZUELA HAS inaugurated a \$360m steel plant here which is expected to quadruple the country's steel output capacity.

President Carlos Andres Perez, along with other members of the Government and more than 1,000 bankers and businessmen, watched as a German-made electric furnace made its first official pouring of liquid steel and a shower of sparks.

The new steel plant is part of the country's largest industrial complex located in this southern city on the Orinoco River. It is owned by the Government-owned Siderurgica del Orinoco (Sidor). The new installations—known here as Plan IV—will boost Sidor's raw steel capacity from the current level of 1.2m metric tons a year to about 5m tons.

Zaire credit line stays in force

By Mark Webster

ZAIRE'S INTERNATIONAL creditors will keep open its \$90m emergency credit lifeline to the country until agreement is reached with the IMF over future help, the Belgian Foreign Ministry said in Brussels yesterday.

A two-day meeting of the 12-nation Zaire "club" ended in Brussels on Friday with member countries being urged to make their contributions as part of the emergency credit line as soon as possible.

A spokesman for the Belgian Foreign Ministry said that payments had been slow because contributor countries were waiting for President Mobutu Sese Seko's promised rapprochement with Angola and for long-awaited internal reforms.

Zaire and Angola have now reached a measure of agreement over their future relations and will reopen the Benguela railway which carried much of Zaire's copper exports through to the Angolan port of Lobito until the Angolan civil war closed the railway in 1975.

However, there have been threats by Mr. Jonas Savimbi's UNITA forces, who were defeated during the civil war but who are still active, to disrupt the traffic on the railway if it becomes operational.

There also continue to be doubts about the ability of Zaire to get its economy into manageable enough shape to allow the passage of requested aid from the IMF. The Brussels meeting agreed that it would support a 1979 balance of payments deficit for Zaire of 457m Special Drawing Rights (\$650m) with 30 per cent of the money coming from the IMF and the rest from the creditor nations.

There was also agreement in principle, said the Foreign Ministry, to a further slice of emergency credit being given to Zaire of around \$120-130m once the present emergency Mobutu's office, also said at credit was used up. But again, the loan conditional on agreement with the IMF about future long-term economic management. Zaire now has an IMF in one of the Benelux countries,

nominee, Herr Erwin Bismuth, that, working as number two in the Central Bank in Brussels, the Central Bank will help work out a one-year economic restructuring plan to be submitted to a new conference on March 15.

The Belgian Foreign Ministry spokesman said the 12-nation "club" was optimistic that Zaire would be such an agreement. He said that the Zairean Minister of Finance, Mr. Reuter, adds from Brussels: The copper-mining province of Shaba will revert to civilian administration in January, an assistant to President Mobutu Sese Seko has announced. Shaba, formerly called Katanga, has been under military rule since the province's full invasion of the town of

Luanda in May. Mr. Bokassa, Wondangela, Vice-Director of President Mobutu's office, also said at a news conference that the former Foreign Minister, Mr. Nguma, Kariboud, has been allowed to leave Zaire and is presently receiving medical care in one of the Benelux countries.

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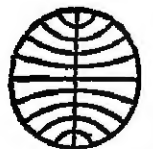
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Kaunda forbids beatings

By Michael Holman

LUSAKA, Nov. 13.

ZAMBIAN PRESIDENT Dr. Kenneth Kaunda today ordered his countrymen not to molest whites in his first public reaction to last week's mob attacks on whites in Lusaka's city centre. The President called for continued vigilance to combat Rhodesian infiltration of Zambia, but declared: "No one is allowed to beat anyone."

Instead, they should take suspicious characters to the police. Dr. Kaunda, speaking after handing in his nomination papers as the country's sole candidate for the December 12 elections, also suggested that black members of Rhodesia's counter-insurgency unit, the Selous Scouts, may be responsible for incidents involving white farmers near Lusaka.

At a weekend meeting the farmers angrily accused theillas of the Zimbabwe African People's Union (ZAPU) of abducting and torturing one of their colleagues, setting up unauthorised road-blocks and disrupting farming life.

Dr. Kaunda, who met farmers' representatives today for the second time within a week, said that police investigations provided no evidence that "truly Patriotic Front fighters" were involved. "You know there are people called Selous Scouts who are as black as you are," he told the audience, "who are sent and dropped here... they do all sorts of dirty things in the name of the Patriotic Front."

Meanwhile, a ZAPU statement issued here today, claiming responsibility for Saturday's mortar and rocket assault on a house in an outlying Salisbury suburb: "Five rest-houses for Rhodesian soldiers were attacked and 12 occupants killed and severely wounded."

The statement also claimed that ZAPU forces had "set on fire petrol stations used by the Rhodesian army" on the Salisbury-Shamva road "destroyed

enemy military vehicles" and temporarily detained civilians. ● Reuters reports from Dar Es Salaam: President Idi Amin is "conducting the battle at the frontlines against Tanzanian troops who have launched a major attack to expel invading Ugandan troops from their territory, Uganda said on Monday.

President Amin left for the battlefield on Sunday night, said official sources in Kampala, adding that "there is a big battle going on along the rain-swollen Kagera River."

The sources said a large number of wounded Tanzanian soldiers had been taken to hospital in the Lake Victoria town of Bukoba, according to radio messages between missionaries monitored in Uganda.

Vietnam 'using poison gas'

BANGKOK, Nov. 13. CAMBODIA today accused Vietnam of using poison gas against its forces in all three major areas of conflict in their border war.

Reuters reports a charge from official Radio Phnom Penh last week that the Vietnamese were using poison gas shells into the area around O-Yadon in North-Eastern Ratanakiri province.

Today the radio said Vietnamese forces were also using field guns to fire gas shells along Highway Seven in the so-called Fish Hook salient of Cambodian territory that juts into southern Vietnam—and in the southern border region in Takeo province.

Meo tribesmen, fleeing into North-Eastern Thailand have also accused Vietnam of using gas in anti-insurgent operations. Western diplomatic sources said medical examinations of Rhodesian army "on the Salisbury-Shamva road" destroyed used but the type was not known.

WORLDWIDE MEDICAL ASSISTANCE

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مكتبة الأصوات

OVERSEAS NEWS

Israeli Cabinet to consider plan

BY DAVID LENNON

TEL AVIV, Nov. 13.

MR. MENAHEM BEGIN, the Prime Minister, flew home to Israel today for crucial talks with his Cabinet on the latest problems which have arisen in the peace talks with Egypt.

The Premier brought with him proposals made by the U.S. to resolve the outstanding issues, but was unwilling to reveal whether or not he would recommend that the Government accept them.

The Foreign and Defence Ministers, who head the Israeli delegation to the talks in Washington, are due back in Israel tomorrow and they will join in the discussions here.

Mr. Begin said on his arrival that he hopes the Cabinet, which is expected to convene tomorrow and again on Thursday, would be able to make decisions about the problems which still exist in the negotiations.

These appear still to centre on the question of the link between the implementation of the Egyptian-Israeli peace treaty and negotiations on a settlement of the West Bank-Gaza Strip issue. Israel turned down an earlier proposal for a loosely worded reference to the need for talks about the Strip in the preamble to the Egyptian-Israeli pact.

David Buchan writes from Washington: In another bid to revive the stalemate Middle East peace negotiations, the U.S. has produced a further compromise on the key issue of how an

Egyptian-Israeli treaty should be linked with a wider settlement between Israel and its Arab neighbours.

President Carter yesterday telephoned both President Anwar Sadat and Prime Minister Begin, urging them to accept the new compromise, which according to Press reports here would take the form of a one page letter to be signed by both countries separately from their proposed bilateral peace treaty. The letter would set down the need for Israel's acceptance of the need to move towards self-rule for the Palestinians on the West Bank and Gaza Strip, but without many of the details and details Egypt has been seeking.

This issue figured in another meeting between Mr. Cyrus Vance, the U.S. Secretary of State, and Mr. Begin in New York last night. But their talks were inconclusive, with the Israeli Prime Minister putting off any decision until he has consulted his Cabinet later this week.

Mr. Begin has drafted a law to abolish state control of public sector companies, according to the semi-official newspaper *Al-Ahram*. Mr. Begin said he would make the state radio and television organisation economically independent is being studied and the general outlines of the plan would be adopted by all public sector organisations, as part of an economic liberalisation process.

The Afrikaner establishment is arguing whether morality can be over-ridden by the needs of national security. Quentin Peel reports from Johannesburg.

A moral dilemma for South Africa

"THERE ARE always rules," Dr. Wimpie de Klerk, the distinguished editor of *Die Transvaler*, official newspaper of South Africa's ruling National Party in the Transvaal, wrote last week. "If Afrikaners argue about this then they are betraying their Calvinist faith, their democratic system of government and the civilisation they have built here. There may be no interference with the foundations upon which the order has been built."

Dr. de Klerk identified the moral dilemma which poses a greater threat to the country's Afrikaner establishment than any political crisis of recent years. His words were virtually an open rebuke to Dr. Connie Mulder, the then leader of the party in the province and former Information Minister, and to Dr. Eschel Rhoodie, the former Secretary of the Department of Information, and Dr. Mulder's trusted lieutenant. Both men had argued consistently over the past years that when the future of (white) South Africa was at stake, no rules applied. If the Marxists over-ran South Africa, Dr. Rhoodie declared, he did not want to say: "I may have lost, but my books still balance." He could not be expected to obey the same rules in fighting the onslaught against South Africa as civil servants responsible for building bridges and planning trees.

Money

After alleged massive misappropriation of public money within the former Department of Information, both Dr. Mulder and Dr. Rhoodie have resigned, but the argument rages on. Mr. Alwyn Schiebush, leader of the National Party in the Orange Free State, and a notable con-

servative in the party, told supporters that matters could not be sold to the nation "with the excuse that no rules apply when one's country or nation is at stake." That was simply "an escape slogan," he said.

It is no surprise that the crisis threatening the National Party has no direct connection with South Africa's fundamental problem of race relations. A riot in a black township or the death of a black activist in police detention is not going to shake the unity of the ruling party, but rather reinforce it against what is seen as a combined threat of black majority rule and international communism. The scandal over the secret funds of the Information Department, however, suggests a crisis threatening the possibility of large-scale corruption, which is unacceptable, at least in the more fundamentalist and theologically-inclined supporters of the ruling party.

Just how deep the divisions go within the party is still unclear. Among indications of confusion and even division within the National Party... are increasingly coming in the form of another legal nationalist newspaper, *Die Vaderland* in Johannesburg. "It is not happening very openly, but it is nevertheless too serious to be ignored." Another report said there was "considerable confusion" in the ranks of Nationalist MPs since Dr. Mulder's decision to resign, both from the cabinet and as leader



Mr. Connie Mulder



Mr. John Vorster



Mr. Pieter Botha

of the Transvaal Party, "but no talk of open division." The problems of the party undoubtedly go deeper than many would like to believe. In the immediate aftermath of Dr. Mulder's resignation from the cabinet, there were some appeals for party unity. They were soon drowned by calls for him to quit his party position as well. Now that has happened, the struggle to succeed him as party leader is likely to deepen further the division caused by the contest for the premiership in September.

The role of the Press has been crucial in the whole unfolding crisis—not only in publishing details of the activities of the Information Department, which

has been done largely by the opposition English-language newspapers, but in forcing the subsequent resignation of Dr. Mulder, and warning of the dangers of any attempted cover-up, which has been the role of the government-supporting Afrikaans Press. When Mr. P. W. Botha, the Prime Minister, last week threatened the Press with new controls, he was universally condemned by his own newspapers, and retracted some of his threats in a subsequent interview. But the Afrikaans Press increasingly represents only one wing of the ruling party—the Verligte (enlightened) wing. When Mr. Botha made his attack on the Press, he received an

enthusiastic reaction. Indeed, the moral criticism of the activities of the former Information Department might not have proved so drastic if party morale if it were not for the parallel conflict on essentially political issues. An element of party corruption has existed within party ranks for years, well known at all levels, involving a system of "jobs for the boys," such as positions on parastatal bodies, university councils, and so on, for loyal party men, let alone the provision of government contracts to businesses allied to the party. But the latest controversy, has undoubtedly been fuelled by growing hostile action on the left and right wings of the party.

Thus, Dr. Mulder has been a notable target of the Verligte representatives of the Verligte party.

Outcome

The outcome of the scandal now depends on the ability of the National Party to patch over its differences before too many of its leaders become implicated. Two possible scenarios exist. On the one hand, the Government could order severe restrictions on the freedom of the press, including effective censorship in the name of national security. The present judicial commission investigating the activities of the Information Department is doing so in secret, and there is no guarantee that its report will be published. Mr. Botha seemed inclined to attempt such a cover-up in his threats against the press last week.

One possible explanation would be that too many leading figures in the party and Government knew of the activities to allow them to be exposed. Mr. John Vorster, now state President, is certainly a target of the opposition press. The alternative scenario is that too much has already emerged about the misappropriation of funds—ranging from the subsidy of a pro-government newspaper to loans to private businesses—to stop it now. As the Afrikaans newspapers have argued, it is imperative to clear the air completely before the "natural Government" of South Africa can properly return to its task. There is no immediate suggestion that the National Party, with an overwhelming majority in Parliament, could lose power over this issue. But where it will stop is a very real question.

NEW ZEALAND ENERGY

Aquitaine offshore drilling revives a 100-year dream

BY DAI HAYWARD IN WELLINGTON

THE START of drilling by the Aquitaine consortium off the Taranaki coast last month marked a milestone in the hunt for oil in New Zealand.

International oil companies pulled out of exploration last year after a bitter disagreement with the Government over its oil taxation demands. The companies claimed taxes were too steep and did not allow a reasonable inducement for the high risks and costs involved in oil exploration. The agreement by Aquitaine to resume exploration drilling using the Penrod Rig, which recently completed a series of dry holes off the southern coast of New Zealand, gives fresh hope of a workable oil strike.

The Government plans to pay 40 per cent of the exploration costs in return for 51 per cent of any oil produced.

New Zealand has ample supplies of natural gas and coal and the potential for greatly increased hydro-electric generation, but has virtually no known oil resources.

Long-term energy forecasts have been thrown off balance by the unexpected slowdown in the growth of demand for electricity in the past three years. Previous forecasts of electricity demand up to 1982 have been slashed by 25 per cent. But large capital investments have been made to develop new underground coal mines and the offshore Maui natural gas field, which was given the go-ahead in the belief that most of the gas brought ashore would be needed to fuel power stations producing electricity.

Indeed, when Maui was discovered in 1969 the tremendous capital cost of its development could be justified only because the gas would be used in large quantities to produce electricity and would also delay the need for a nuclear power station. In 1973 the Government bought a half share in the Maui field for NZ\$20m (£7.5m) and agreed to share the cost of development with a consortium formed by Shell, BP and Tote. Now that demand for electricity is going to be lower than forecast, the new gas-free power stations will not be needed.

The Government signed long-term "take or pay" agreements, which means the Government must pay for the gas produced whether it is needed and taken or not. Under the contract, gas paid for but not taken can be used in later years but under New Zealand's present difficult economic conditions the Government cannot afford to pay millions of dollars for gas it will not be using immediately.

In addition to the slowdown in electricity demand, there has been a growing realisation among energy planners that the use of natural gas for electricity generation is not the most efficient way to utilise a prime energy fuel.

The second stage of the Maui development has been delayed for 12 months but gas from the first stage is now ready to complement gas production from the onshore natural field at Kapuni. The country's total reserves are sufficient for 100 years at current levels of consumption. Natural gas already provides one-sixth of New Zealand's primary energy and is poised to become a key element in the future energy scene.

However, oil is the big worry for the national economy and for those responsible for ensuring that New Zealand's energy needs are met. Oil is what New Zealand uses most but has least of.

A highly-motivated society, New Zealand increased its dependence on imported oil through industrial development in the pre-1973 Arab war period when oil was relatively cheap. Before the 1973 oil crisis New Zealand's

economy was booming, with its food exports providing large surpluses in the foreign exchange account.

Within a year, the situation was reversed. The higher cost of oil and the general worldwide recession, turned the country's foreign exchange into large deficits and brought stagnation to the economy.

The oil bill increased more than five-fold in the years 1973-77 and now stands at well over NZ\$ 500m a year.

The urgent need to reduce oil imports focused new attention on possible oil production within the country, where exploration started 113 years ago.

More than 200 holes—all virtually dry—were drilled between 1865 and 1899 when the Kapuni gas field was proved. Kapuni also produces condensate, and last year provided 15.5 per cent of New Zealand's oil requirements.

Kapuni and Maui condensate are still the country's only known oil resources. They contain an estimated 13m tonnes but this is enough to meet only three years' total consumption. The prospects of any significant discovery of crude oil on land in New Zealand are considered slim.

The Government admits this, but hopes that a new natural gas strike might provide more oil condensate. Some potential petroleum bearing structures are known in both the North and South Islands.

When international oil companies showed little interest in continuing the oil search last year, the Government set up its own oil exploration corporation, which has drilled a number of dry onshore holes. Offshore prospects are better although conditions in the waters around New Zealand where the hunt for oil is being concentrated are as bad as in the North Sea, and in some areas even worse.

The only alternative to the long shot of finding substantial quantities of oil is to develop alternatives. The Government is encouraging the use of solar water heating and has set up a multi-million dollar research fund to investigate alternative transport fuels.

Two possibilities being pursued are the production of methanol and synthetic gasoline from forests or agricultural crops and the use of liquefied petroleum gas as a fuel for motor vehicles. Both are relatively long-term projects, which is why the economic planners are watching the new Aquitaine drilling operation with even more than usual interest.

Australia hit by fuel strike

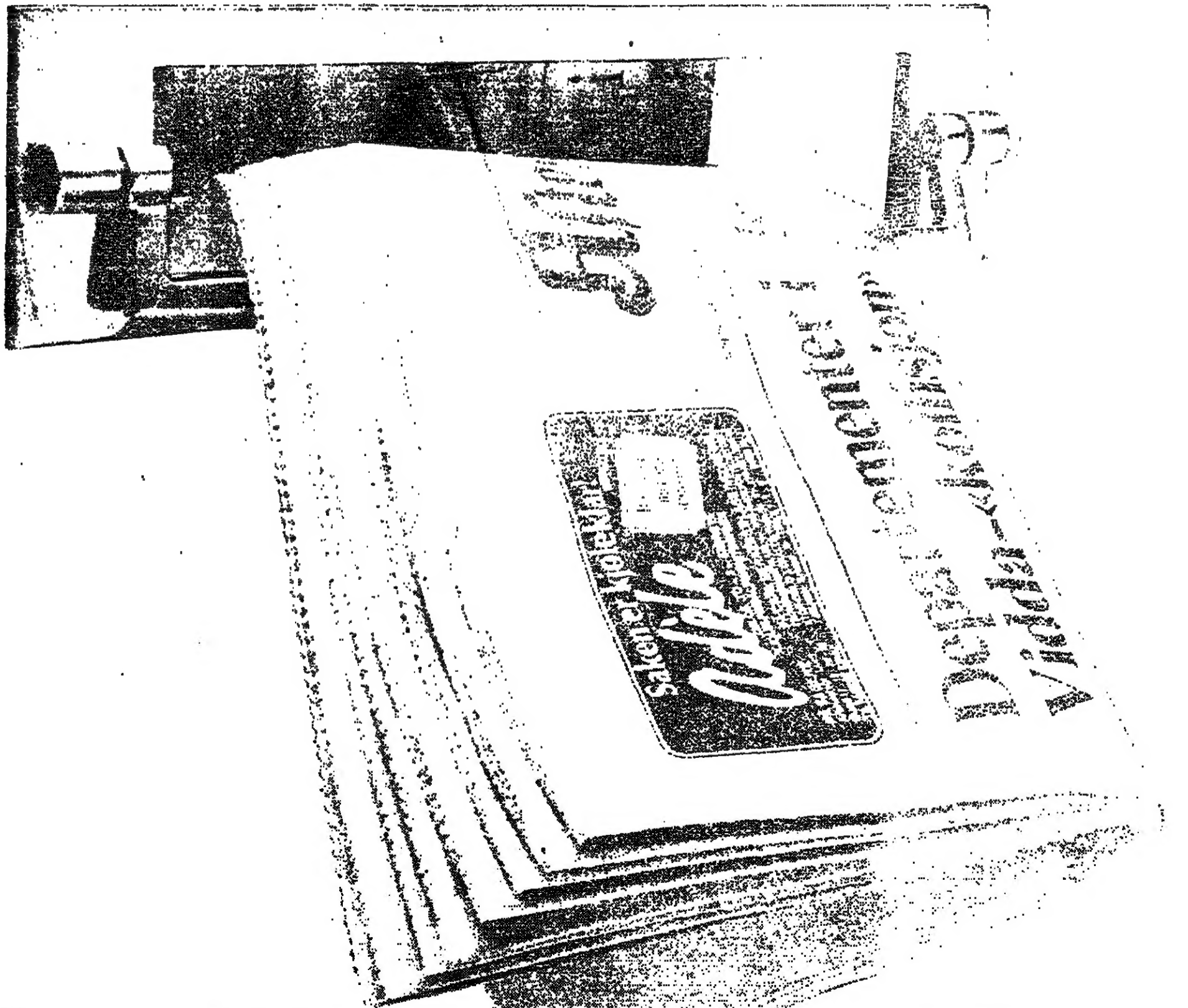
By James Ford

SYDNEY, Nov. 13.

THE AUSTRALIAN Government is considering ways of overcoming a fuel strike which today flared into a nationwide dispute. From midnight on Tuesday, fuel supplies across Australia will cease.

The dispute includes aircraft refuellers, which means that as soon as the strike takes effect all international and domestic flights will be grounded. In the state of Victoria, petrol tanker drivers and aircraft refuellers had been on strike for the past week to protest against a bid by national oil transport workers union to allow oil agents to pick up their own supplies from national oil terminals. The decision to enlarge the dispute to a national stoppage was taken today by the federal management committee of the Transport Workers Union.

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WORLD TRADE NEWS

S. Korea power plant financing

HONG KONG, Nov. 13. KOREA ELECTRIC Company is to receive the largest aggregate of loans ever provided for a single project in Asia amounting to more than \$1.3bn to expand its nuclear power generating capacity. Chase Manhattan Asia announced today.

The loans consist of a \$400m Eurodollar loan syndicated by Chase Manhattan Asia, \$873.2m loan from the U.S. Export-Import Bank, \$557m loan from the private Export-Import Corporation of the U.S. and a \$92m loan arranged by Lazard and guaranteed by Britain's Export Credits Guarantee Department (ECGD).

GE's Turbine Generators is the UK contractor involved.

The syndicated Eurodollar loan was signed here today while the EIM Bank and Private Export Funding loans will be signed in Washington and the ECGD-backed loan in London, within the next few days, Chase said.

Chase added that the credits will be used for equipment and technical services for the construction of two nuclear units at Kori which are scheduled to be ready for commercial operation by 1984 and 1988 respectively with a net output of 844 megawatts each.

The Eurodollar loan has a 10-year maturity with an annual interest rate of 1 per cent over the six-month London interbank offered rate. It marks the first time Korea Electric has borrowed without a government guarantee, Chase said.

AP-DJ

Japanese car production 'may not exceed 5.4m next year'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A SIGNIFICANT fall in Japanese car production to no more than 5.4m can be expected in 1979, according to Economic Models, the London-based international forecasting consultancy. This compares with the 5.43m produced last year and an estimated 5.66m this year.

"It seems likely that in the 1980s, Japanese car production will grow at rates closer to the growth of the Japanese domestic market. This implies growth rates of car production below 5 per cent a year in the early 1980s and little chance of 6m cars a year being achieved much before 1983," the organisation states in its latest report.

Forecasts on the future of the European car industry, the consultancy says, are complicated by the recent reorganisation resulting from the acquisition of Chrysler's European interests by Peugeot-Citroen.

But until 1980, when the changes will begin to have an impact, the European industry is expected to grow slowly and only Italian and French car production are expected to achieve growth rates of over 5 per cent in 1979.

West German production is expected to level out at around 4m cars a year in the period 1980 against 3.8m last year.

Economic Models forecasts that car output in the U.S. will fall from 9.3m in 1978 to 8.2m in 1979, where a growth rate of

next year. However, the 4 per cent for registrations is medium-term prospect to 1983, remains optimistic.

Between 1980 and 1983 new car registrations could fluctuate between 11.2m and 11.7m on a gradual upward trend. And in the U.S. the link between new car registrations and production is much stronger than in Europe.

Discussing registrations in the UK, the report suggests that around 1.37m new cars should be sold next year against sale of 1.64m expected in 1978.

The share of the market held by imports will remain high at 50 per cent but will go no higher unless the current industrial relations problems persist well into 1979.

Excluding the "fled" imports by manufacturers operating in the UK, this will mean that European and Japanese producers will retain their 34 per cent of the UK new car market.

Domestic UK manufacturers should still find it possible to market 550,000 cars in 1979. Exports are expected to remain stable at a little below 500,000—making a total for UK-produced cars of more than 1.35m in 1979 against 1.33m last year.

Company and fleet buyers in particular are still very loyal to British cars and the total business market for new cars will approach 800,000 in 1979.

In 1979, the UK is expected to fall behind Italy as the fastest-growing new car market in Europe where a growth rate of

Small rise in world trade volume

GENEVA, Nov. 13.

WORLD TRADE grew slightly faster in volume in the first half of this year, the General Agreement on Tariffs and Trade (GATT) reports in its annual trade review.

The increase, the report said, corresponded to an annual rate of about 6 per cent, compared to 4 per cent for 1977 as a whole. Barring a sharp reversal of this trend in the second half of the year, world trade growth should be "somewhat larger" in 1978 than the previous year GATT forecast.

The trade surplus of the oil-exporting developing countries as a whole declined during 1977 by \$10bn, to \$39bn, just above the 1975 level. During last year trade growth of industrial nations slowed down considerably, with exports and imports both increasing by 3 per cent in volume and 13 per cent in value, the report said.

GATT warned again that industrial countries can move towards improved growth and employment and more stable exchange rates only by reducing inflation to levels before the mid-1960s. It said recent inflation rates have helped reduce demand and contributed to reluctance by business to engage in fixed capital formation.

AP-DJ

Strauss more optimistic after European visit

BY DAVID BUCHAN

WASHINGTON, Nov. 13.

MUCH HARD negotiating remains to be done in the GATT trade talks which resume in Geneva this week, if agreement to lower tariff and non-tariff barriers is to be reached by mid-December, U.S. trade officials warned today.

But Mr. Robert Strauss, the Chief U.S. negotiator, is optimistic on his return from talks last week with the European Commission in Brussels that if a substantive trade agreement can be presented to Congress in January, the U.S. legislature can be persuaded to compromise on the vexed issue of countervailing duties, and extend the Administration's authority to waive the imposition of these duties at least while the GATT agreement is being examined.

The EEC has threatened that if these duties, which would almost certainly be imposed on many of its agricultural exports to the U.S., are not waived, then it will not sign an overall trade agreement in Geneva. But the Administration here is still confident that these European worries will prove unfounded.

Mr. Strauss, in a Press interview over the weekend, said he expected to be able to present "Congress with a whole package of agreements" worked out in Geneva, and key Democratic leaders in Congress had told him they would push for an extension

India reduces range of import duties

BY K. K. SHARMA

NEW DELHI, Nov. 13.

IN A SERIES of measures aimed at further liberalising imports and lowering costs of the production, the Indian Government has slashed the import duty on 17 types of capital goods, reduced the import duty on 25 raw materials used in the electronics industry, and allowed 48 items of leather machinery to be imported without prior clearance. The reduction in import duty on capital goods is from the standard 40 per cent to 25 per cent and applies to items not manufactured in India. It is hoped this will lower project costs without affecting Indian manufacturers and lead to a reduction in production costs.

The substantial new import liberalisation is intended to make the maximum use of India's growing foreign exchange reserves which are now estimated at over \$8bn. Since Government national markets will not be spokenmen have been severely given this facility automatically.

In the last Budget, the import duty on certain categories of capital goods not produced in India was cut from 40 to 25 per cent. This concession has now been withdrawn in the case of machinery for oil exploration but it has been extended to many other machines.

The Government has also decided to extend for three more years the cash assistance scheme for certain exports but this will now be used on a more selective basis.

Traditional export commodities reserves which are now estimated with a strong position in later at over \$8bn. Since Government national markets will not be spokenmen have been severely given this facility automatically.

Indonesia negotiates orders for oil tankers

TOKYO, Nov. 13.

INDONESIAN PLANS to order 10 small oil tankers from Japan and South Korea, Japanese shipyards report.

The deals, expected to be finalised soon, have been negotiated by an Indonesian mission, including representatives of an unnamed shipping company, and Indonesia's state-run oil corporation Pertamina, they said.

The Japanese companies involved are Hayashikane Shipbuilding and Engineering, Kawasaki Shipbuilding, Hitachi Shipbuilding and Engineering and Osaka Shipbuilding.

The vessels will be delivered to the owners by the Japanese and South Korean yards by the end of 1978.

Reuters

China-Brazil agreement

BY DIANA SMITH

BRAZILIA, Nov. 13.

BRAZIL AND CHINA have signed a five-year multi-item trade agreement in Peking. This follows a recent memorandum of intent signed in Brazil by the Chinese Metals and Minerals Corporation and the Brazilian State Steel Agency, Siderbrag, for Chinese purchase of \$500m worth of Brazilian steel products in the next three years, and a four-year-old Chinese commitment to buy 150,000 tonnes of sugar a year from Brazil.

The new agreement entails Brazil's purchase of 1m tonnes of Chinese crude oil in 1979 and 1.5m tonnes in 1980. The quantities of crude to be purchased in 1981-83 will be negotiated later.

Before December 31, 1978, Brazil will ship an additional 50,000 tonnes of sugar as well as 15,000 tonnes of steel and 40,000 tonnes of metals to China. In 1979 and 1980, it will ship 2.5m tonnes a year of iron ore. Meanwhile, Chinese News Agency sources quoting Brazil's Minister of Mines and Energy, Sr. Sbigaski

Ueki state that a long-term iron ore contract will be negotiated in 1979. Brazil hopes to sell China at least 15m tonnes of iron ore in the year to come.

The Bank of China has invited a leading Brazilian bank specialising in agricultural and industrial financing to make a detailed offer to help finance Chinese imports, the head of the Vienna-based bank said today.

Dr. Hellmuth Kipau, chairman of the Board of Managing Directors of Austria's Genossenschaftliche Zentralbank told Reuters in Peking he had also discussed multi-currency syndicated loans with the Bank of China officials since his arrival in Peking last Thursday, but the volume had not yet been determined.

The Austrian delegation is one of a series of banking groups from various countries to come to China to discuss credit arrangements to help finance China's imports for its huge modernisation programme.

UK mission to Romania

Financial Times Reporter

A LONDON Chamber of Commerce and Industry trade mission is leaving for Romania on December 4 in an attempt to expand all forms of trade by the end of the year.

The mission will be led by Sir Peter Tennant, president of the London Chamber and Industrial Adviser to Barclays Bank International and director of the Anglo-Romanian Bank—Mr. Guy Chicketts, managing director of Hawker Siddeley International and chairman of the Chamber's Romanian Section, is deputy leader of the mission.

Currently, the UK has a surplus in the balance of trade with Romania of £1.5m. The figures for the first six months of this year put UK exports to Romania at £34,762m, while Romanian exports to the UK stood at £23,585m.

Mideast deals for Ericsson

By John Walker

STOCKHOLM, Nov. 13.

TWO ORDERS, each valued at approximately \$5m, have been received by L. M. Ericsson from two customers in the Middle East for transmission equipment.

The first has been placed by the Iraqi Ministry of Communications for upgrading and extending the country's Western coaxial cable system.

The second contract covers telemetering and communications systems for remote supervision and control of the gas pipeline from the Durrat gas fields in the state of Qatar to distribution points in Umm Said and Doha. This contract includes delivery of telemetry equipment from Serck Controls of the UK.

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مكتبة الأمل

American buyer for Wheal Jane mine

BY PAUL CHEESBRIGHT

MR. ROBERT L. SPRINKEL, a Californian businessman, has reached broad agreement with Consolidated Gold Fields for the purchase of the Wheal Jane tin mine, near Truro in Cornwall.

The agreement was disclosed last night by a spokesman for Mr. Sprinkel, but he would not disclose the purchase price. This is thought to be less than £2m. However, the agreement does not at this stage guarantee that Mr. Sprinkel will be able to produce tin last May.

Mr. Sprinkel will be seeking £5m in the City, and possibly from the Government, to buy the mine and launch a development plan which will involve spending for at least nine months before any revenue is generated.

His ability to raise this sum will depend to a large extent on how the City views a technical appraisal of the mine and the development plan now being under taken by Mackay and Schnellmann, a firm of London consultants.



Mr. ROBERT SPRINKEL III seeking £5m in City

This means that the agreement with Gold Fields can only be a broad understanding. But its existence, and the purchase price it specifies, undoubtedly gives Mr. Sprinkel a firmer basis on which to mount his financial demands.

He has now moved further down the road to a Wheal Jane rescue than other companies in the tin industry last May. Previously, Saint Piran, the majority

owner of South Crofty, the largest tin mine in Cornwall, was considered as a potential buyer. Saint Piran was followed by Cornwall Tin and Mining, the Canadian-U.S. Swiss grouping, which owns the neighbouring Mount Wellington mine. This operation stopped production shortly before Gold Fields decided that Wheal Jane was no longer economic.

Although CTM did surveys of Wheal Jane and informed the Government, it never presented a definite plan in the Department of Industry and talks were broken off.

However, Mr. Sprinkel is believed to have reached an agreement with CTM to gain control of the pumping equipment at Mount Wellington. This is a necessary step in view of the fact that if the pumps at either Wheal Jane or Mount Wellington stop, the water level increases at the other mine.

In recent weeks, Mr. Sprinkel has been pushing his rescue attempt on many fronts. This has included talks with Transport and General Workers Union representatives in Cornwall.

Their concern about the future of Wheal Jane was most vividly expressed in May when they lobbied MPs at the Commons. Mr. Sprinkel is understood to have reached broad agreement with them.

The issue is of acute local importance because the closure of Mount Wellington and Wheal Jane meant that 800 people were pushed on to the labour market in an area where unemployment is double the national average.

Mr. Sprinkel's ability to rescue the mine depends ultimately on his ability to convince the City that his plans to work a low-grade tin mine are likely to be more effective than those of Gold Fields.

Building society tax cut

BY EAMONN FINGLETON

THE INCOME-TAX rate and of building societies on behalf of savers has been reduced.

The special composite rate of income-tax levied at source on savers' interest payments has been set at 22.5 per cent with effect from last April. This compares with 24.25 per cent last year.

The new rate has been struck after protracted talks between the Inland Revenue and the Building Societies Association. The Revenue's decision was passed to the societies in time for last Friday's meeting of the council of the Building Societies Association and was taken into account in determining the movement's new interest rates.

The Revenue sets the composite rate to bring in the same yield they would have if building society depositors were not allowed from liability for standard rate income-tax.

The issue is of acute local importance because the closure of Mount Wellington and Wheal Jane meant that 800 people were pushed on to the labour market in an area where unemployment is double the national average.

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Dunlop close to strategy decisions

SENIOR SHOP stewards at the Dunlop tyre plant at Speke, Liverpool, met management representatives yesterday in the wake of reports that the factory is to be closed with the loss of 2,400 jobs.

Dunlop said it was reaching the end of a detailed investigation of its European operations and is close to making decisions about future production and marketing strategies.

The unions have been told that some rationalisation must be expected and that they will be the first to learn about any closures decided upon.

There was a general feeling on Merseyside last night that the Speke plant, with its poor production record, will be in

danger if there are to be cut-backs.

Lord Sifton, chairman of the North West Economic Planning Council, is to seek an urgent meeting with the Prime Minister to discuss the threat to jobs.

Redundancies would pose a real threat to social conditions in the North West, Lord Sifton said in a telegram to the Prime Minister. He called for an immediate transfer of resources to the area from other regions.

Speke has already been hit this year by the closure of one of BL's Triumph plants at the cost of 3,000 jobs. A further reduction of 500 jobs at the other Triumph factory was announced last week.

New technology hit tyre plants

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ANYONE ATTEMPTING to do something like 20 per cent more capacity in Europe than is required.

This is a European problem. And it has been exacerbated by other difficulties in individual markets.

In the UK, the replacement tyre market has not only declined from 22.4m in 1972 to 18.4m—but is extremely price competitive. Road price controls by the authorities in France last year shot profit margins in the tyre industry after a 12 per cent increase and the manufacturers were restricted to a 3 per cent price increase.

In West Germany the high value of the Deutschmark had a great impact on tyre making which is a labour-intensive business. Imports were slashed in half and the replacement market has been lost to imports from all over Europe—both West and East.

This has all been reflected in the financial performance of the manufacturers. In the past few months, in the UK alone, Michelin's British subsidiary announced its 1977's pre-tax profit had dropped £4.6m to just over £20m compared with the previous year. That was on

a turnover up from £299m to £347m. West Economic Planning Council, is to seek an urgent meeting with the Prime Minister to discuss the threat to jobs.

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Cutting capacity is only part of the answer to the tyre industry's problem. Its pricing is all wrong. The companies made a terrible mistake in not raising the price of the steel-braided radials at a level which reflected the increased mileage which can be expected from them.

At the same time, the tyre manufacturers' relationship with the car assembly groups is heavily weighted in favour of the motor concerns and margins in tyre supplies for new vehicles are very small indeed.

But then the car makers can play off against one another several highly-competent tyre manufacturers, all with perfectly adequate technology to offer. Whether the tyre companies will ever find the resolution to insist on better margins from their most-important customers remains to be seen.

Esso ends cut-price petrol

By Kevin Done, Energy Correspondent

ESSO IS withdrawing all price support from its petrol stations with effect from tomorrow.

Its decision brings to an end an era of cut-price petrol which has seen petrol prices fall by 36 per cent in real terms in the past three years.

Esso is the last major oil company to abandon price subsidies to its retail dealers.

The move to withdraw support was started by Mobil at the beginning of last week and was quickly followed by most of the other majors.

Esso waited cautiously to see whether the higher prices were maintained in a market of fierce competition. It has been supporting about 20 per cent of its 8,300 dealers, but last week it was prepared to withdraw its price support of about 2p-3p per gallon only in areas where other oil companies had made the first move.

Esso holds about 20 per cent of the UK petrol market. Its decision to follow the other oil companies means that the price of a gallon of four-star will now rise to about 79p in almost all parts of the country.

Plastics industry 'is being sabotaged'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CHEMICAL industry trade unions yesterday accused multinational petrochemical concerns of "sabotaging" attempts to develop an industrial strategy for the plastics materials sector.

The accusation follows a row over investment plans among members of the petrochemical sector working party—one of 36 tripartite groups set up by the Government to encourage the development of key sectors of industry.

The row centres on recommendations made in the McKinnon report, commissioned by the National Economic Development Office and completed more than a year ago, but published only today.

The report says that in order to balance trade in plastics materials with the rest of the EEC by 1990, UK producers can either delay investment for the present, invest sufficiently to protect their home market or invest heavily so as to be ahead of European competitors once demand starts to pick up. Union representatives on the working party insist the industry must go for heavy investment now so as to be ahead of the rest of the EEC by 1990. But company representatives are determined on a more cautious approach.

As a result, the two sides have failed to draw up joint proposals for an industrial strategy to go before the National Economic Development Council in the new year. And yesterday the unions called on the Government to step in and break the deadlock.

Mr. Roger Lyons, national officer of the Association of Scientific, Technical and Managerial Staffs, said imports of plastics materials to the UK were running at £520m a year. And he claimed employers had sabotaged attempts to reduce this bill.

He said multinational plastics materials producers were investing on the Continent in areas in which they claimed there was already over-capacity in the UK. He named ICI and BP Chemicals and accused both of "selling the nation short".

The unions say that the UK share of EEC production of plastics materials fell from 22 per cent in 1963 to 13 per cent in 1975 and that the trade deficit with other EEC countries stood at £183m last year and is expected to reach £220m this year. They also note that import penetration in plastics materials has risen from 30 per cent to 36 per cent over the last two years.

Catering turnover rises 5%

TURNOVER IN the catering trade was up by 5 per cent in the three months ended last September compared with the second quarter of the year, according to Government figures published yesterday.

As compared with the same quarter of 1977, turnover was up some 12 per cent.

The biggest jump was in the licensed hotels and holiday camps trade, with sales 18 per cent higher than in the same period a year ago.

Restaurants, cafes, and fish and chip shops had a 12 per cent increase over last year, while canteens and public houses reported increases of 11 and 10 per cent respectively.

Local authority accounts late

THE Department of the Environment yesterday published the latest edition of local government statistics for England and Wales.

Publication of the detailed accounts has been delayed "because of the late receipt of returns from a significant minority of authorities".

Local Government Financial Statistics, England and Wales, 1976-77, HMSO, £2.25.

Ship repair group seeks reduction in rates

BY OUR SHIPPING CORRESPONDENT

A PRIVATELY-OWNED ship repair company on the Tyne has asked for a rate rebate from North Tyneside Council to help it meet competition from nationalised yards and overseas competitors.

Smith's Ship Repairs of North Shields, which declared 370 men redundant last month and is expected to report shortly a loss for the year of over £1m, has complained in the past about

subsidised competition from nearby Tyne Ship Repair, which is part of British Shipbuilders.

Tyne Ship Repair is also having heavy losses, though the company has not released any figures.

Smith's would not comment on its application to the council yesterday, but the council said that the company paid £122,000 a year in rates and sewerage charges.

Indemnity cover increase

BY JOHN MOORE

LLOYD'S OF LONDON has insisted its regulations governing the professional indemnity insurance cover of its own insurance brokers. The maximum level of professional indemnity cover required is to be raised from £5m to £20m next month.

The amount of professional indemnity cover—the insurance which protects professional people against errors or omissions—which brokers will have to arrange is based on a complicated formula arranged in two stages.

Stage one takes effect from December 1, 1978. The minimum

insurance cover required will be £1m plus three times net retained UK brokerage, excluding motor brokerage on a direct dealing basis, plus five times net retained overseas brokerage on a direct dealing basis, plus six times net retained overseas brokerage. Again, the amount of cover required is subject to a Lloyd's upper limit of £20m.

Stage two takes effect from November 1, 1979. Then the minimum insurance required will be £2m plus four times net retained UK brokerage, excluding motor brokerage on a direct dealing basis, plus six times net retained overseas brokerage. Again, the amount of cover required is subject to a Lloyd's upper limit of £20m.

The charges relate to the annual accounts of law firms for the years ending April 1973, and April 1974.

The hearing continues today.

Tarling renews court appeal against Singapore extradition

MR. RICHARD TARLING, former chairman of Haw Par Brothers International, yesterday tried for the second time to persuade the High Court that his extradition to Singapore on company law charges would be "unjust and oppressive".

His counsel, Mr. Louis Blom-Cooper, QC, argued against extradition because of the lapse of time since the alleged offences were committed, and because the five charges were "trivial". They did not involve dishonesty, and

he had a complete answer to them under Singapore law. Mr. Tarling is seeking a writ of habeas corpus, which would stop his extradition.

Mr. Blom-Cooper contended that the court's refusal of a similar move by Mr. Tarling in July last year did not prevent him making a fresh application.

Last April, the House of Lords ruled that Mr. Tarling should not be sent to Singapore on other charges alleging dishonesty.

The five remaining charges were of an accounting nature,

Mr. Blom-Cooper told Lord Widgery, Lord Chief Justice, Mr. Justice Griffiths and Mr. Justice Gibson in the Queen's Bench Divisional Court yesterday.

"My submission will be that in any event, Mr. Tarling cannot be convicted of these offences. Even if he is extradited, he will be able to apply in Singapore for the indictment to be quashed."

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Evening Standard editor resigns

BY MAX WILKINSON

MR. SIMON JENKINS, Editor of the Evening Standard, has resigned after a series of disagreements with Mr. Victor Matthews, chairman of Express Newspapers.

Mr. Jenkins became editor two years ago when he was 33. His tenure spans one of the most stormy periods in the paper's history.

It was threatened with closure, and with being taken over by Associated Newspapers, which wanted to absorb it into its own Evening News.

Mr. Jenkins and Mr. Charles Watrous, former editor of the Standard and now its managing director, waged a flamboyant and skilful publicity campaign to save the Standard from death, or what some partisans thought a fate worse than death at the hands of Associated.

The Standard's cries for help brought sympathy from the Government, and more importantly a rescue bid from Trafalgar House, the present owner.

When Trafalgar took over from the Beaverbrook family, Mr. Matthews became chairman. Soon the position of the Standard was to become once again somewhat uncertain.

Mr. Matthews made clear that he would not keep his papers open if they continued to be unprofitable.

Mr. Matthews had strong views about how he wanted his papers run. Specifically he has wanted the Standard to concentrate on being a paper for Londoners.

He is believed to have seriously criticised by Associated that the paper catered too much for the



SIMON JENKINS
"Amicable disagreement"

"Hampstead intelligentsia" and too little for the other Londoners.

Although Mr. Matthews is not believed to want a major change of direction of the paper, there have been several serious disagreements between him and Mr. Jenkins, who was asked to resign.

Mr. Matthews has also been worried by the continued slide in circulation.

One disagreement was about a leading article in the summer which could have been read as condoning the Russian invasion of Czechoslovakia 10 years ago.

Mr. Matthews disliked this so much that he asked the editor

to print a statement dissociating himself from the leader.

There was a strong disagreement about a leading article which criticised the Conservative Opposition.

Other causes of conflict are believed to have been late production and the question of management interference in day-to-day editorial policy.

Mr. Matthews has not yet announced a successor to Mr. Jenkins. There are three internal candidates. One is Mr. Brian McArthur, who recently moved from being assistant editor of The Times to deputy at the Standard.

Mr. Roy Wright was sacked by Mr. Matthews as editor of the Daily Express after a series of disagreements. Mr. Matthews is, however, known to think highly of Mr. Wright, who has recently rejoined Express Newspapers as assistant editor of the Standard.

The third possibility is that Mr. Watrous would move back to the helm for a while.

Yesterday none of the main dramatic personae was prepared to make more than a brief comment. Mr. Matthews said he had a "high regard" for Simon Jenkins. Mr. Jenkins said they were parting "amicably, though sadly" after discussions about the style and approach of the paper.

Mr. Jenkins, an Oxford graduate, worked on Country Life and the Times Educational Supplement before becoming leader writer and features editor on the Evening Standard. He spent a short while as head of light on the Sunday Times.

Mr. Matthews, a married gay

man, is the American actress.

There are two issues in the dispute, which although separate have become entangled in recent months as relations between the two countries have become increasingly strained.

One is the desire of the Department of Trade and the British Airports Authority to reduce congestion at Heathrow by moving some foreign airlines, such as Iberia of Spain and TAP of Portugal, to the comparative peace of Gatwick. The second is the need for a new air services agreement between Britain and Spain that gives the latter a bigger share of the revenues from the charter operations that dominate air traffic between the two countries.

The Iberian peninsula collectively represents one of the UK's biggest air transport markets, with over 5m passengers a year, of which about 4.6m fly to and from Spain, and the rest to and from Portugal.

Of the Spanish total, about 1m are carried on scheduled services, and about 3.6m on charters, while for Portugal the scheduled service total is about 220,000 and the rest charter.

The scheduled traffic is covered by commercial "pooling" pacts between the airlines—BA, Iberia and TAP—whereby revenues are shared according to a secret formula, which is believed to favour Iberia and TAP. But for charters, the situation is different. Most of these passengers—about 90 per

cent—are British holiday-makers and are carried in British aircraft, mostly owned by independent airlines.

This charter traffic is outside the scheduled airlines "pooling" agreement, and is also not covered by the existing Anglo-Spanish bilateral "air services agreement." As a result, the Spanish and Portuguese airlines do not get anything like the same share of the revenues as they do from scheduled services.

In recent discussions between the British and Spanish Governments in Madrid, to review—but not to renew—the air services agreement, the Spanish are understood to have asked for charters to be brought into the agreement. But the UK declined, and the talks were broken off, and no plan was made for another meeting.

It is at this point that the differences of view over air services become enmeshed with the other simmering dispute about the UK's desire to shift Iberia and TAP to Gatwick. This problem, too, has been cooking for a long time, and it is fair to say that there is considerable merit in the arguments on both sides.

Heathrow now handles over 27m passengers a year, and will reach saturation in the mid-1980s even with the proposed new fourth terminal—and earlier if construction of that terminal is denied by the Government for environmental reasons. But at Gatwick, south of London, where a £100m modernisation scheme has recently been completed, and further large sums are planned to improve the airport, the traffic is barely 8m passengers a year, with capacity already available to cope with 16m, and room for further expansion to 25m.

The Department of Trade and the British Airports Authority have been trying for months to persuade British Airways and foreign airlines to move at least some of their services to Gatwick. Airlines which have been approached include Air Canada, Iberia, TAP, Scandinavian Air-

lines System, Pan Am and Trans World Airlines. So far, the UK bodies have met with no success.

Not one foreign airline now serving Heathrow wants to move, and even British Airways is reluctant.

Iberia said yesterday that such a move would be a "catastrophe" which could cost the airline up to £20m a year.

The airlines' argument is that at Heathrow they benefit from the substantial inter-connecting traffic between the 54 airlines serving that airport. Moreover, they claim that because they have been there for many years, they have built up goodwill with passengers, staff and other airlines, and invested in facilities that would be rendered useless by a move.

Happy

The DoT and BAA have already tried to keep congestion under control at Heathrow. They have banned "whole aircraft charters," obliging them to use Gatwick, and any new airlines seeking routes into the UK must now automatically go to Gatwick—which is why both Braniff and Delta, of the U.S., which started transatlantic routes this year, use that airport, and appear to be happy there. The BAA recognises the need for inter-connecting traffic and has introduced the inter-airport helicopter shuttle between Gatwick and Heathrow—much to the annoyance of local residents in Surrey, but this will end when the M25 motorway link finally opens all the way between the two airports.

But because the attempts at persuasion failed, the DoT and BAA felt obliged this summer to resort to direction. The first airlines they chose were Iberia and TAP, on the basis that because they served the Iberian peninsula, they had some common bond with British Airlines, which serves South America out of Gatwick. British Airways was also directed to shift some flights to Gatwick. Inevitably, the two foreign

airlines objected vigorously, and action against British airlines was threatened. When they discovered that the Airline Scheduling Committee (the airline body which works out the "slots" for the aircraft using Heathrow) had been told to exclude them from next April 1, the foreign airlines took the matter to court. They won a declaration that the actions of the BAA and the DoT had no force in law until a formal order was made under Section 58 of the Air Navigation Act, and that no further action would be taken against the two airlines until further discussions had been held between the Governments involved.

As a result, mainly for the time being, the two foreign airlines can continue to use Heathrow. But coming in the wake of the inconclusive Anglo-Spanish discussions on the air services agreement, it caused the growing Spanish anger with the UK to boil over. Spain abruptly suspended British Caladonian's rights to fly through Madrid on its way to and from South America, a move which B.Cal. argues will cost it about £750,000 a year in lost profits.

The Spanish action seemed to take UK officials by surprise, but subsequently Spanish and Portuguese officials at the APTA in Torremolinos this week hinted at the possibility of even further sanctions, such as denying British Airways the use of Lisbon, if the UK persists in its attempts to force Iberia and TAP out of Heathrow to Gatwick.

For Britain the matter is also one of considerable importance, for if the DoT and BAA lose the fight to get Iberia and TAP to move to Gatwick, they will have virtually lost the right to move any airlines anywhere, and also lost the battle to ease congestion at Heathrow. Yet, if the UK authorities push too hard, they will certainly run up against further legal action from the airlines concerned, with more threats of retaliatory

action against British airlines overseas.

As the matter stands, however, a genuine British effort to try to make life easier for everybody at Heathrow has resulted in as near a breach in civil aviation relations between the UK and Spain and Portugal as it is possible to get. But it does seem that efforts are being made to pull the situation back from the brink, with the statement that the UK Government is inviting the Spanish and Portuguese officials to see for themselves just what goes on at Gatwick, to prove that it is not just a second-rate "bucket-and-spade" airport, but one of the most up-to-date in Western Europe—and one, moreover, from which many holiday-makers to Spain fly out.

But it seems likely that if the DoT or the BAA do want to achieve some realignment of air services between Heathrow and Gatwick, they will have to move more diplomatically and softly than hitherto. The big stick has already been proved not to work, and it seems that some inducements might be advisable in the form of cheaper landing fees at Gatwick for an introductory period, and perhaps even some compensation for loss of investments at Heathrow and other expenses in moving, such as for staff obliged to shift their homes.

It is not enough for the DoT and BAA to argue that in other countries the UK has been required in the past to move from one airport to another without such inducements—such as from Orly to Charles de Gaulle in Paris, and from Dorval to Mirabel in Montreal. The situation has reached the point where the Spanish Government has already imposed sanctions on one British airline, with the possibility of more to come. Eventually, the matter will have to be settled by discussion between all the parties, and it seems that the sooner such talks are held, the better.

Shetland council in oil rating dispute

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A NEW CLASH is looming between oil companies and the Shetland Islands Council over the rating of the Sullom Voe oil terminal. At issue could be up to £8.5m a year.

BP, as operators for the Sullom Voe consortium, will become liable to pay rates as soon as the terminal comes on stream, which could be this month. Its rateable value has not yet been assessed, but the council's estimate is that it could be £35m.

At the current level of Shetland rates, this would mean the oil companies making a contribution of £13m a year to the islands' spending, equivalent to 85 per cent of all income from ratepayers.

But, following the precedent set by Orkney, BP is certain to apply for industrial derating, which would halve its rateable value and hence its annual rates bill.

As a way of showing it means business, the company has

already appealed against the rates assessment on some of the houses it has built in Shetland for Sullom Voe employees. The sums involved are small, but the intention is to demonstrate to the council that the oil industry has not got a bottomless purse.

On its side, the council has become alarmed at what derating will do to its finances and is to see Mr. Bruce Millan, Secretary of State for Scotland, later this week to ask the Government to exempt Sullom Voe from derating.

Mr. Ernest Urquhart, Chief Executive of the Islands Council, said that if the terminal did have its rates halved, there would be a considerable extra burden on Shetland's domestic ratepayers and other industries, which already had to pay large increases.

He had calculated that by 1983 the rate in the pound could have fallen to 35p in Shetland, compared with 51p proposed for next year. However, if the terminal was derated, the rate poundage would rise to 55p.

Slight fall in numbers of visitors to Britain

FINANCIAL TIMES REPORTER

SLIGHTLY FEWER people coming to the UK rose by 3 per cent in August compared with the month last year, but the total number of EEC arrivals for the first eight months of the year was down by 3 per cent from 3,808,000 in 1977, to 3,697,000.

The number of Greek visitors in the month dropped by 56 per cent compared to the previous August.

Arrivals of non-European or North American nationals increased by 4 per cent to 180,000 compared with 151,000 in August 1977. The greatest increase was among U.S. citizens of Asians and Latin Americans.

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Guide on rebuilding costs

By Eric Short

TWO GUIDES to help in assessing the cost of rebuilding various types of houses in different parts of the country have been prepared for the British Insurance Association by the Building Cost Information Service of the Royal Institution of Chartered Surveyors.

The leaflet for policyholders shows rebuilding costs per square foot of external floor area, based on five types of house, covering three regions, of average construction for three sizes of house. The guide for insurance valuations has more comprehensive divisions.

People wishing to take out insurance cover for their houses need to insure for the full rebuilding costs. The association emphasises that market values are poor substitutes for assessing the sum insured. In most areas, rebuilding costs but in some areas it is well above.

There is considerable variation in costs. For example, the cost per square foot for a large pre-1920 terraced house in London is £28.50, which, assuming a typical floor area of 1,625 sq ft, would mean a sum insured of £56,312.50. In contrast, a small post-1945 semi-detached house in the south west would have a cost per sq ft of £15.50 which with a typical floor area of 1,055 sq ft would lead to a sum insured of £15,517.50.

This is the first time such a comprehensive survey has been made. The association has spent £11,000 on producing these guides and intends to spend a further £4,000 a year, updating the survey.

A Guide to Buildings Insurance for the Home Owner, available free from the British Insurance Association, Alderman House, Queen Street, London EC4P 4JD.

Guide to House Rebuilding Costs for Insurance Valuation, price £2 from the Building Cost Information Service, 65-67, Clarence Street, Kingston-upon-Thames, Surrey KT1 1RB.

Mr. Minto developed his printing process while working as manager of the ink jet printing systems research and development group at Cambridge Consultants, the Cambridge-based contract consulting group.

He left Cambridge in September in order to form his own company and to exploit the technology which he will be using, with the help of Cambridge Consultants, in exchange for royalty payments.

His process involves projecting minute drops of ink on to a printing surface. The jets of ink are electrostatically deflected and there is no other contact with the printing surface. The process is similar in many ways

to that patented by A. B. Dick in the U.S. and used by IBM in a word-processing system.

However, Mr. Minto's system employs 256 characters against Dick's ten, and is microprocessor based. This means it can achieve fast and flexible printing speeds.

He plans to market the process initially to the printing and packaging industries since his machine can print over most types of either even or uneven surfaces.

There were three runners-up in "Technical" Development Capital's competition, each of which received £5,000.

First was Dunford Hepburn, which has developed a source-powered digital volt meter. The meter can be powered by the source being measured and there is therefore no need for a separate power supply. This is said to be the first meter to operate without being powered by an alternative power supply.

A prize was also won by Mendel King and Ray, for development of a new reflective road stud in direct competition to the cat's-eye. Known as the Kingray, it is mechanically depressible and has a self-cleaning system operated by water and air.

Finally, Shortway Rope Guides, which designs ships' roller systems, has developed a roller system to replace types originally designed for use on fishing boats. It is claimed to be much safer than those in general use.

New print process wins £10,000 prize

BY NICHOLAS LESUE

SEVEN YEARS spent developing a microprocessor based printing process using an ink jet instead of traditional printed characters has paid off for Mr. Graeme Minto. He has won a £10,000 prize for innovation, and will be able to start manufacturing his product early in the New Year.

The prize, the Innovator of the Year Award, has been awarded by "Technical" Development Capital, the venture capital subsidiary of Industrial and Commercial Finance Corporation. The Corporation is backed by the big banks and the Bank of England, and channels funds into small and medium-sized companies.

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to that patented by A. B. Dick in the U.S. and used by IBM in a word-processing system.

However, Mr. Minto's system employs 256 characters against Dick's ten, and is microprocessor based. This means it can achieve fast and flexible printing speeds.

He plans to market the process initially to the printing and packaging industries since his machine can print over most types of either even or uneven surfaces.

There were three runners-up in "Technical" Development Capital's competition, each of which received £5,000.

First was Dunford Hepburn, which has developed a source-powered digital volt meter. The meter can be powered by the source being measured and there is therefore no need for a separate power supply. This is said to be the first meter to operate without being powered by an alternative power supply.

A prize was also won by Mendel King and Ray, for development of a new reflective road stud in direct competition to the cat's-eye. Known as the Kingray, it is mechanically depressible and has a self-cleaning system operated by water and air.

Finally, Shortway Rope Guides, which designs ships' roller systems, has developed a roller system to replace types originally designed for use on fishing boats. It is claimed to be much safer than those in general use.

Misleading bargain offers law 'one-sided'

By David Charnish

GOVERNMENT PROPOSALS to ban misleading bargain offers by retailers were criticised yesterday by Mrs. Sally Oppenheim, Conservative spokesman on Prices and Consumer Protection.

She told the Oxford Street Association in London that the proposals, announced recently by Mr. Roy Hattersley, Prices Secretary, were "taking a sledgehammer to crack a nut."

It was important, she said, that the balance between consumer protection and the much Government intervention in business was maintained. In recent years, however, she claimed that the balance had been tipped in favour of the consumer with too many politically-inspired moves by the Government in the field of consumer protection. She especially singled out the Price Commission for criticism.

Competition

Mrs. Oppenheim promised that the Conservatives would redress the balance when they returned to power and ensure that consumer protection measures were only brought in where necessary.

"The greatest measure of consumer protection was the maintenance of free and vigorous competition."

Earlier, Mr. Harry Shepherd, president of the association, had more forthrightly attacked the "hoof of consumer protection laws which shoppers do not always want or need."

He called for a halt to further legislation until there had been a survey of the costs and benefits of the legislation already existing. His own estimate was that the total costs of consumer protection laws was about £550m a year.

"Much of the demand for consumer law came from the consumerist pressure groups, unrepresented by a majority opinion, self-interested and either unaware or uncaring of the results."

Small hotels win AA's approval

BY ARTHUR SANDLES

THE AUTOMOBILE Association, grumbled about have been discovered that small is often produces "an extremely over-priced endurance test."

The guide talks of "kinkies" curled in their death agonies, congealing on cold chipped plates, but warns motorists that people are becoming more choosy.

The guide, which has grown increasingly chatty in style over the years and clearly now presents serious competition for Egon Ronay and the Consumers' Association publications, offers as examples of good individual hotels and catering efforts the Mallory Court in Leamington Spa (run by former clothing store owners); the Bridge of Gally in Tayside (owned by a former Unilever executive); the Fifield Manor in Hampshire (run by a Dutch housewife); and the White Moss House at Grasmere (managed by a former accountant and his wife).

Such properties are now thriving, says the guide. "And why has this happened? Because for too long too many of the traditional hotels, particularly those run by distant business considerations, have ignored the all important person—the paying guest. Major and minor irritations, the guests have a choice."

Elizabethan first edition auctioned for £7,200

A FIRST edition of George Hsi Wang Mu of around 1800 gold put up for sale by the New English Poets. The first published in 1589, made a good price of £7,200 in a Sotheby's sale of 16th and 17th century books yesterday which totalled £122,458. Dawson paid £4,800 for a first, 1621, edition of "Anatomy of Melancholy," and Thorp £3,800 for a first edition of "The Faerie Queene" by Spenser. The same sum, also from Dawson, acquired a rare copy of "Vergil's The Golden Legend," translated into English by William Caxton.

The Christie's auction of 198 pieces sold for £1,200 in a oriental ceramics totalling £28,821. E. Lin, a Japanese dealer, paid £1,600 for a blue and white Ming vase which had been much cracked and repaired. A silver wine ladle were also in pair of blanc de chine figures of

Magdalen" by the Master of the Female Half Lengths went for £20,800.

A German furniture service of 198 pieces sold for £1,200 in a Christie's South Kensington silver sale, which totalled £22,295. A Victorian three-piece coffee set sold for £900, and a silver wine ladle were also in pair of blanc de chine figures of

SALEROOM
BY ANTHONY THORNCROFT

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Ernest Jones training award

THE FAMILY-RUN jewellery business Ernest Jones, which in 1977 was the subject of a new issue of the London Evening Exchange, was yesterday awarded the Distributive Industries Training Board Award for its staff training programme.

Contracts

GEC INDUSTRIAL CONTROLS. The tippers will be used for aggregate haulage by the concrete and aggregate division of The RMC Group.

Magnetic tape transports to the value of around £800,000 are to be purchased from Pertec International, Reading, by Plessey Communications and Data Systems, Poole, Dorset.

One of the biggest contracts for liquid argon to be won by BOC in the North West region has been awarded by the Leigh manufacturing division of David Brown Tractors. The gas is for MIG welding used to construct tractor components. Supplying an estimated 100,000 cubic metres/year, the contract will run for five years and is worth £175,000.

GAVLE UK has a contract from Costain International worth more than £1m for the design and

supply of coloured steel roofing, cladding and accessories for workshop facilities in Iran. Work has begun, with completion expected in 1980.

THE LINDFORD BUILDING GROUP has won a contract worth nearly £1m to build a supermarket in Broad Street, Stafford. The two-storey building will have a ground-floor area of around 15,000 square feet, with storage and offices on the first floor. Due for completion in late 1979, this will be Sainsbury's first supermarket in Stafford.

Orders in excess of £320,000 for type OV, non-electric engine watches, are announced by TEDDINGTON INDUSTRIAL EQUIPMENT following a sales tour of Saudi Arabia, Iran and other Middle Eastern countries. The engine watches are down to an engine at a predetermined danger setting of coolant tempera-

ture or oil pressure.

RANK TAYLOR HOBSON, the Leicester-based specialists in the manufacture of precision measuring instruments and optical equipment, has secured orders from China totalling £750,000.

HUNTER DOUGLAS has been awarded Gulf contracts worth £230,000 for Luxalon Sandwich Wall, which has been specified for an extension to The Gulf Hotel, Bahrain, Ministry of Foreign Affairs, Jeddah, and Jeddah Shopping Centre Phase 2.

The Scottish Development Agency has awarded a £1.25m contract to BALFOUR BEATTY CONSTRUCTION (SCOTLAND), a member of the Balfour Beatty Group of other Middle Eastern countries. The contract is for the construction of Phase 1 of an advance factory unit, at Annick Street, Shettleston. Work has started.

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AIR CANADA



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PARLIAMENT AND POLITICS

LABOUR NEWS

Labour
Left
attacks
Healey

BY ELINOR GOODMAN

INCENSED by both the tone and content of the Chancellor's warning on television at the weekend about the consequences of a pay explosion, Labour Left-wingers last night accused Mr. Healey of jeopardising the Labour Party's election chances.

At the weekly meeting of the Tribune Group, it was agreed that a delegation should be sent to Mr. Healey to remind him that the Labour movement had long ago agreed an alternative economic strategy to that now being put forward by the Government. The Tribune delegation will be led by Mr. Brian Sedgemore, who was sacked last week as Parliamentary Private Secretary to Mr. Anthony Wedgwood Benn.

The confrontation will probably take place towards the middle of next week after the Tribune Group has met again to discuss details of its alternative to the Chancellor's 5 per cent limit on pay rises.

Mr. Healey has hardly gone out of his way to endear himself to the Left. But after his remarks on television this weekend, his relations with the Tribune Group seem to have reached a new low.

The atmosphere at yesterday's Tribune meeting, which took place on the eve of the TUC's General Council meeting to discuss the union's joint statement with the Government, was described as being "angry and anxious".

Not only were the 25 members furious at the Chancellor's attitude, but also about last week's increase in interest rates, which some claimed demonstrated the need for increased Government intervention in the lending institutions such as building societies.

The Tribunes attacked almost all the alternatives put out by Mr. Healey on Sunday for controlling inflation.

Repeatedly emphasising the similarities between official Labour Party policies and those of the TUC, the Tribunes repeated that the Labour Party was against an incomes policy of 5 per cent and in favour of a return to free collective bargaining.

They also claimed that the monetary policies which Mr. Healey said would have to be adopted if there was a wages explosion would create further unemployment and do nothing to bring down inflation.

More cash available
for Leyland-Varley

BY IVOR OWEN

IF BL's updated corporate plan justifies the provision of more public money it will be made available, Mr. Eric Varley, the Industry Secretary, assured the Commons.

He told MPs that he expected to receive the plan from the National Enterprise Board (NEB) before the end of the year.

The question of further public funding for BL will be considered in the light of the Government's review of the plan and the recommendations of the NEB, he added.

Mr. Varley, who praised the work of Mr. Michael Edwards since his appointment as chairman of BL, stressed that the success of the company was dependent on the continuity of production and the level of demand for its products.

The need for BL to justify further public investment was emphasised by Mr. Kenneth Clarke, a Conservative Industry spokesman.

Mr. Varley pointed to encouraging signs from BL in relation to market share and improved profitability, and indicated that a decision on the provision of more public money was likely to be made early in the New Year.

He urged MPs to recognise the importance of moving away from the provision of resources on a "drip-feed" basis, towards an equity and loan basis.

"If we get to a situation where the corporate plan justifies more Government finance, then we will make it available," the minister declared.

So far the Government has committed £500m to BL, and arrangements have been authorised for the provision of a further £400m on a 10-year scale to be agreed with Mr. Edwards.

Replying to Mr. Hal Miller (C, Bromsgrove and Redditch), Mr. Varley confirmed that BL management had withheld some investment as a result of industrial disputes over the past few months.

He undertook to make available as much information as possible about the corporate plan when the Government had an opportunity to review the NEB's recommendations.

Questioned by Mr. Tom Lister (Lab, Birmingham Selby), Mr. Varley said that a planning agreement, Mr. Varley admitted disappointment over the failure of worker participation to "take off".

As far as I am concerned, I want to see not only a planning agreement but progress on industrial democracy inside BL.

Despite pressure from the merger negotiations with Peugeot Citroën, Mr. Varley refused to be drawn into saying whether the Government would impose sanctions in the event of Ford's concluding a pay settlement in excess of the 5 per cent guideline.

He pointed out that the wage negotiations were still in progress, but quoted the statement in the July Jacques White Paper indicating that the Government would, if necessary, take account of any failure to observe the guidelines.

He admitted to replying to Mr. John Biffen (Cons, Oswestry) that he had no plans for discussing the implications of the Government's sanctions policy with the motor car industry.

Amid Opposition cheers, Sir Keith Joseph, Conservative Industry spokesman, demanded: "Are there or are there not to be sanctions?"

Mr. Varley: "We had better wait and see."

There were jeers from the Tory benches when he added: "It is our hope that the negotiations will result in a settlement within the guidelines."

The Chrysler management came under attack from Mr. Alan Williams, Industry Minister of State, over conduct of the merger negotiations with Peugeot Citroën.

Mr. Williams said that the Chrysler management had been "very unhelpful" in the negotiations, and that the Government was "not prepared to be taken in by a few clever tricks".

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Bread
dispute
talks
likely

By Pauline Clark, Labour Staff

BAKERS' union leaders and employers have agreed that bread dispute are likely to meet tomorrow for the first time since the union called its strike exactly a week ago.

Mr. Sam Maddox, general secretary of the Bakers' Food and Allied Workers' Union and his 12-strong executive committee, met officials of the Advisory Conciliation and Arbitration Service yesterday to outline their case for a 3 per cent pay rise.

Representatives of the Federation of Bakers will meet at ACAS today and it is generally expected that both sides will agree to joint talks at the Service's headquarters in London.

The talks come as a result of an ACAS initiative but they hold a special significance in the case of the union which at the start of the strike was warning that industrial action could continue until Christmas.

It also made clear at that time that the union would be no further in dispute with employers until a previous offer of a 5 per cent basic pay increase and a 6 per cent rise through productivity was improved.

Defiance. Since then, however, reports of strikes breaking out have mounted and the union suffered from weekend publicity about arrests on picket lines.

Mr. Roydon Maddox, 22-year-old son of the general secretary, was arrested yesterday by more than 40 demonstrators jostled with about 50 policemen on a picket line outside an Ipswich bakery.

The federation, representing Rankin's, McEldown's and Allied Bakers, claimed yesterday that the past three days had seen a significant increase in the number of union members returning to work in defiance of the union. About 3,000 were said to have returned to bakeries compared with about 1,500 before the weekend.

The union, however, has strongly denied that the strike is losing impetus.

Mr. Maddox also claimed yesterday that pay agreements affecting workers in four independent bakeries demonstrated the success of the action.

Employers, however, accused the union of "clutching at straws". They said since the bakeries were not part of the federation's working agreement, the pay rises of £6.68 were irrelevant to the dispute.

The Transport and General Workers' Union confirmed yesterday that its members employed by flour millers had been instructed not to deliver to bakeries involved in the dispute.

Ambulance men return to work. GLASGOW'S AMBULANCE men were back on the road yesterday after a week-long absence.

The service shut over a dispute about the use of Bedford ambulances, which crews claim are unsafe because of loose wheelnuts. More tests are being done on the vehicles, and in the meantime men unwilling to drive them will not be forced to do so.

The unions, which include the Transport and General, General and Municipal, and the Association of Scientific, Technical and Managerial Staffs, have been seeking a common October date.

Negotiations over the problem broke down last week after disagreement on how it could be implemented.

The company had some gas division depots already imposed a work-to-rule ban and overtime ban in protest at the proposed pay rise.

Senior shop steward negotiators representing the drivers have been in close contact with their opposite numbers in the company's Transfield division, and with white-collar and supervisory groups.

The shop steward group has been designed to ensure that the general level of settlement for the gas division manual workers is reflected in deals for the rest of BOC's 20,000-strong workforce.

A similar 8.4 per cent offer has also been rejected by union negotiators representing the gas division's industrial staff.

Two Vauxhall plants
refuse to walk out

BY PHILIP BASSETT, LABOUR STAFF

VAUXHALL Motors' 3,500 skilled workers at Luton and Dunstable yesterday refused to join 900 skilled workers at the company's Ellesmere Port plant in a strike over pay differentials.

The unofficial strikers at Ellesmere Port are now isolated from the rest of the company's skilled workforce. They may find their position further undermined by the official sides of the Ellesmere Port unions giving full co-operation to company efforts to keep production going without maintenance workers.

The General Motors Combine Craft Committee, which called the strike, will meet today in Rugby, Staffordshire, to discuss the position. The committee may be forced to consider calling the Ellesmere Port workers back after yesterday's decisions by workers at Vauxhall's southern plants.

The Luton skilled workers voted by about 3-2 not to join the strike, even though combine committee representatives recommended support.

Mr. Tony Callaghan, secretary of the combine committee, said he was "bitterly disappointed" at the result. He told the mass meeting: "You people have the strength to stop the drift of skilled men away from the firm. The company has had 15 months to give us a proper craft grade and they have not done it."

Some of the 900 skilled workers at Dunstable, including machine and bar setters, and those working on special installations, took strike action yesterday in support of the Ellesmere Port workers.

A meeting of all the plant's skilled men, though, recommended they return to work by 7.30 this morning.

About 550 workers at the Kirby Meneville and Southampton plants of AC Delco, the car components company which, like Vauxhall, is a General Motors subsidiary, are striking in support of the Ellesmere Port workers, but the larger group at the AC Delco plant at Dunstable seem unlikely to come out.

Vehicle production throughout Vauxhall and in other companies could be affected by a prolonged strike by Vauxhall and AC Delco skilled workers, but the effects could be more easily contained if only the Ford's 17 per cent offer, without a long strike.

The Vauxhall agreement gives top skilled day shift workers £28.20, including £2 from the first part of a productivity plan. This will be consolidated into the basic rate in two months at a rate of £2.80 to give a total of £31.00. The new weekly grade rate in the Ford offer is £25.68.

UNION LEADERS will resume efforts today to end the strike at BL Cars components plant which has already made more than 23,000 workers idle and halted all Austin-Morris car assembly.

Shop stewards from the Drevs Lane factory, Birmingham, which supplies steering and suspension equipment, have been called to a meeting by Mr. Ken Cure, secretary of the Birmingham East district committee of the Amalgamated Union of Engineering Workers.

The committee has already instructed the men to return to work and pursue their claim through the normal procedure.

The national executive of the AUEW is expected to add its authority today to the pressure for an end to the dispute. It has a claim of more than 30 per cent.

BL Cars has made it clear that the current "critical" financial position of the company will make impossible any award beyond the Government's 5 per cent pay guideline.

Unrest is thought to be widespread among the 3,500 workers at Drevs Lane because of the heavy division depots have already imposed a work-to-rule ban and overtime ban in protest at the proposed pay rise.

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Union bid to end strike
at BL Cars parts plant

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

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'Silkin's dithering
hitting fishermen'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE "DITHERING" of Mr. John Silkin, Minister of Agriculture and Fisheries, is threatening the livelihoods of mackerel fishermen off the coast of South Devon and Cornwall, Mr. Robert Hicks (C, Bodmin), claimed in the Commons.

He tried unsuccessfully to get an emergency debate on the "invasion" of the inshore area by fishermen from other parts of the UK, who, he said, were supplying Russian factory ships anchored nearby.

A large number of fishermen from Scotland have been working in the traditional West Country mackerel grounds, since Mr. Silkin announced a ban on herring fishing off the West Coast of Scotland last July.

The situation is urgent, Mr. Hicks said. "It must not be allowed to deteriorate, nor must it be allowed to become ugly."

The economy of Cornwall was narrowly based. Entire coastal communities were being put at risk while the Minister dithered over the question of extending the inshore limit and regulating methods used by the larger vessels.

Above all, the future of the mackerel stocks is being jeopardised. This is a national consideration, not merely a West Country one.

A quota scheme based on the length of vessels had been introduced, but the problem of enforcement still remained. More fish were now being taken from the area than were allowed under landing and trans-shipment quotas.

There was still no check by Ministry officials on Soviet and other vessels as to the amount of fish actually taken on board and processed.

At present, 24 vessels were using the purse-seining method of trawling off South Devon and Cornwall, and more were on the way. There were also 15 large freezer trawlers, 24 visiting trawlers and 25 factory ships.

Some of these factory vessels were capable of processing more than 100 tonnes of fish a day. There was a risk of collision between these larger vessels and some of the smaller inshore ones, and a risk of pollution from the dumping of fish at sea.

Repeated and urgent representations had been made to individual Ministers and to Mr. James Callaghan, the Prime Minister, by West Country MPs and uninvolved organisations.

But still no decision had been announced about the need to extend the limit for handliners and small craft from three to six miles.

Campaign to bring back
nurses into NHS

BY JOHN HUNT

THE GOVERNMENT is to launch a campaign to bring back nurses who have left the service, Mr. David Ennals, Social Services Secretary, told the Commons.

The total number of nursing staff in the NHS was beginning to rise again, but the fall in the numbers starting training was very worrying, he added.

He estimated that because of the infection of an extra £40m into the NHS, announced in the Budget, 9,000 jobs would be available.

Mr. Ennals was speaking on the second reading of the Nurses, Midwives and Health Visitors Bill. This will bring under one "umbrella" all the organisations responsible for the education, training and regulation of nurses, midwives and health visitors.

Present figures showed the total number of nursing staff beginning to rise, but this had to be viewed against the increased workload caused by the larger number of patients.

Dr. Gerard Vaughan, a Conservative spokesman on health, said there was considerable anxiety on both sides of the House about the Bill. There was fear that the care of patients would suffer.

However, the Conservatives recognised that the nurses wanted the Bill.

One reason for this, she said, could be that pay awards to nurses and Post Office telephonists were too late to be included in this year's figures.

It could be that the incomes policy limiting pay rises to 3 per cent was stopping women, who do not have male colleagues with whom to compare their pay, from using the Equal Pay Act to get a more equitable income.

Or it is that incomes policies have been used by employers as a excuse for not rationalising their education committee.

PLANS by the Government and the engineering industry to let 14-year-olds start craft training while at school received a blow yesterday from the 70,000-member National Association of Teachers in Further and Higher Education.

The union, which is the big representative technical college teachers' body, was totally opposed to the scheme "as it may have been used by employers as a excuse for not rationalising their education committee."

Civil servants may take
court action over ballots

BY OUR LABOUR STAFF

BRITAIN'S biggest civil service union, the Civil and Public Services Association, could receive a court injunction this week from members determined to have individual ballots for their local branches in the union's elections.

The union's executive was overturned last month when a breach of constitution occurred during its elections last May. The ruling publicly reopened the union's deep political divisions.

Individual branches will begin voting for the 50 or more candidates standing for 39 executive seats on November 27. The branches were instructed to hold mass meetings to decide their vote, except those which were geographically widespread or too large.

The union last week received a letter from solicitors representing a member of its Newcastle branch, asking Mr. Len Lever and Mr. Ken Thomas, the union's president and general secretary, to instruct the branch to hold a ballot for the branch's vote. It said a High Court injunction would be served to force the union to do so if they refused.

The Newcastle member withdrew the request, but another member from the same branch has taken it up.

All Newcastle members of the Association, including those from the Central branch, will hold a mass meeting on the issue on Friday.

Women 'losing ground' in battle for equal pay

PROGRESS TOWARDS equal pay for women is not just at a standstill, but is regressing, Lady Howe, deputy chairman of the Equal Opportunities Commission, said yesterday.

Women's gross hourly earnings rose from 63.1 per cent of men's in 1970 to 75.1 per cent in 1974. But they rose by only 0.4 per cent in 1977 and have dropped to 73.9 per cent in 1978, she said in Manchester.

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BOC white-collar unions
in dispute over pay date

BY NICK GARNETT, LABOUR STAFF

LAY DELEGATES representing the 1,550 white-collar staff in British Oxygen's gas division will be recommended on Thursday to reject company proposals on a move towards a common pay anniversary date.

The staff have been operating a policy of non-operation over the issue for the past three weeks. If the delegates accept the company's proposal, their negotiators' recommendation, further industrial action, including one-day strikes, will be considered.

Two grades of the white collar staff have an October anniversary date, while the three most senior grades are due to settle the following July.

The unions, which include the Transport and General, General and Municipal, and the Association of Scientific, Technical and Managerial Staffs, have been seeking a common October date.

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Senior shop steward negotiators representing the drivers have been in close contact with their opposite numbers in the company's Transfield division, and with white-collar and supervisory groups.

The shop steward group has been designed to ensure that the general level of settlement for the gas division manual workers is reflected in deals for the rest of BOC's 20,000-strong workforce.

A similar 8.4 per cent offer has also been rejected by union negotiators representing the gas division's industrial staff.

The company had some gas division depots already imposed a work-to-rule ban and overtime ban in protest at the proposed pay rise.

Times journalists
wary on reforms

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TIMES' National Union of Journalists' chapel (office which covered 290 journalists on the Sunday Times, the supplement, its members not to sign management proposals for industrial relations reforms while these were the subject of negotiation with the company.

At a two-hour meeting in the chapel, also decided that no member should sign or agree to any document which introduced into his terms and conditions of employment any matters covered by collective negotiation through papers' position.

General secretaries of TUC and the National Graphical Association of the Times, the Sunday Times and the three Times supplements discuss proposals for the introduction of a new technology from the end of this month.

The union's agreement on improving efficiency.

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BBC

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ENERGY

Spin-off from space work in France

FLYWHEEL development has taken a new turn with work carried out in France by Societe Aerospatiale which aims at making very high r.p.m. but light-weight units into "maids of all work" which can be used as prime movers or as supplementary power sources in many applications.

The idea of using flywheels to store kinetic energy is not new, but in this instance the carbon fibre-reinforced wheels are spun up to 100,000 r.p.m. by small electric motors. As the wheels would be placed in an evacuated enclosure and are supported virtually friction-free on magnetic bearings, they can conserve their momentum over very long periods.

To tap the stored energy, the wheel is reconnected to the motor which initially runs it up to speed, but in this case the motor acts as a generator to produce a current.

Efficiencies in the region of 80 per cent are claimed—losses being attributed almost entirely to the operation of the motor in both modes of working.

Developers—who drew on

satellite technology—believe that the compactness of the unit and its ease of application will open up many areas of use. It could be applied to power smoothing where this is essential to operate instruments, computers, etc. and also in areas where the primary supply fluctuates violently.

It is also suggested as a storage medium for power derived from solar panels or wind systems as well as for domestic equipment of various types.

Where grid power is low, wheels such as these could be used to supplement the grid when it is desired to operate units that require large amounts of power for brief intervals—machine tools are a case in point. Much more fanciful is the addition of such units to the equipment of a car so that energy obtained when travelling downhill or braking can be stored and used for hill-climbing.

At the moment, development work is centred in the construction of a wheel able to store 100 kWh.

See Aerospatiale, 37 Boulevard de Montmarte, 75781 Paris, Cedex 16 France.

MAINTENANCE

Gets into the dirty corners

THE COST of removing dirt and grime ever present in factories and streets, has become a heavy financial burden to companies and local authorities. Dust control, too, when operating inside factories or crowded city areas, adds further stress to cleaning budgets.

Said to overcome many of the problems inherent in conventional mechanical sweepers, and offering to drastically cut cleaning costs to industrial and council users, is a ride-on section sweeper called the Prowler, produced and developed by Melford Engineering, Sutton, Ely, Cambs. CB9 2RL (Ely 775731).

This uses the vacuum system (most sweepers of this size are usually the brush, pickup type), which is said to give a better standard of cleanliness on uneven surfaces, and a high degree of manoeuvrability which enables the operator to sweep right into a 90 degree internal

corner where much of the debris collects.

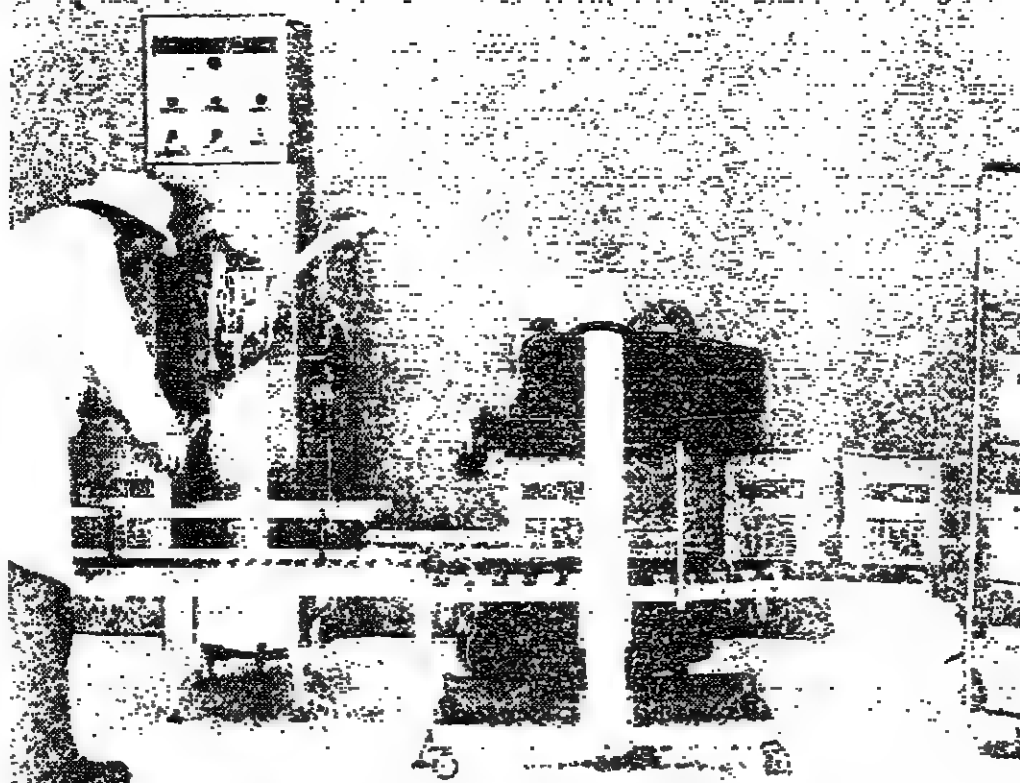
With regard to dust control, conventional filtration systems have proved not only to be expensive but unusable in wet weather. The company has, therefore, developed and patented a water recirculation system which is incorporated in the sweeper. This is said to control virtually nothing to run, effectively controls carbon black dust at 0.05 microns diameter for instance, and is able to be operated in the wet.

Less water used

SAID TO be especially suitable in situations where it is necessary to conserve water and to keep the amount of effluent produced at low levels, is a high-pressure cleaning device from Purvis Engineering Services of Maidenhead, Berks. (0628 23411).

This is a low-volume version of the company's 2155 "Tiger" rotating head for cleaning tanks, spray-driers, road and rail tankers, etc., up to 88 feet diameter or length.

The unit can also be used on



Rawater Consumer Packaging has introduced this fully automatic filling machine for Pergall bag-in-box packs. Up to 600 gallons per hour can be handled. Pergall bag-in-box packs which consist of a plastic laminated film bag in a corrugated box, are used for a wide variety of liquid and semi-liquid products and different types of liner construction are used to provide barrier

properties enabling extended storage of products that are sensitive to oxygen and other gases. The filling machine carries out automatic de-capping and re-capping of the packs during the filling operation. For maximum productivity it is used in conjunction with an automatic top and bottom case sealer.

a medium volume head, using up to 2,000 gallons per hour of cleaning fluid.

As it is made entirely of Grade 316 stainless steel and special PTFE (polytetrafluoroethylene), it is particularly suitable for use where contamination cannot be tolerated, such as in dairies, breweries, and by food-stuffs, pharmaceutical and chemical manufacturers.

SERVICES

Computer centre

WITH AN eye rather more on the commercial computing market than its traditional OEM and industrial customers, Digital Equipment Company has opened a computer centre at Tottenham Court Road in London.

It emphasises, however, that there is no intention of leaving the centre to the business and that the centre is not for that purpose. The computers installed there will primarily be used for demonstrations and training.

But they will also be made available to customers so that, before delivery of their own hardware, they will be able to familiarise themselves with the company's system operations, develop

Calculates the fees

HIGHLY qualified, and past professional staff operating in a complex business environment need a sophisticated method of planning, monitoring and control. But so far, accountants have been relatively slow to make use of data processing for their own purposes, though prompt to recommend their application by others.

TRANS designates a new time recording system developed by accountants for professionals in hardware they will be able to familiarise themselves with the company's system operations, develop

MATERIALS

Resistant to fire

MEETING increasingly stringent European fire regulations which decree improved fire resistance for self-declared fire-resistant materials, is one called Ar-Nelam U-35 from Arne Adhesive Tapes, Shore Road, Hylton, Southborough, Hants SO4 6YT. (080 354 5156).

This flame retardant tape is said to offer similar performance characteristics to the company's existing range, combined with fire resistance and self-extinguishing flame performance.

It has an aluminium coloured vinyl-coated cloth backing combined with a 0.14 inch thick synthetic rubber based adhesive.

TEXTILES

Yarn strengths increased

OVER RELENT bears a number of new types of spinning textile yarns have been introduced, most of these of the open-end type and largely directed towards cotton-type yarns. Now another system has been developed in the U.S. by Leesona Corporation (Warwick, R.I. 02887, U.S.).

Called "Coverspun" it is intended for spinning high quality worsted type yarns of longer staple than with conventional cotton frames. The concept is very simple. A roving of silver is fed through a standard three roller drafting system where it is reduced in thickness. When the silver emerges from the front rollers it is immediately entered into the centre of a hollow spindle through which it passes.

On the hollow spindle is mounted a spool of very fine monofilament synthetic yarn which rotates with the spindle. As it rotates so the filament is wrapped around the attenuated

spine and this gives it cohesion and strength. Emerging from the base of the hollow spindle the wrapped silver is now a Coverspun yarn and this is collected on a 4 lbs cheese package.

The final package is appreciably bigger than can be produced on classical ring-spinning machines and it is claimed that in production, the number of end breaks compared with ring spinning is about 30 per cent less. Labour content per pound is also some 20-25 per cent less and as far as energy is concerned the Americans report savings of between 20 and 30 per cent compared with earlier systems.

In terms of cost of production savings of between 7 1/2 and 10 per cent, are being claimed, while yarn strengths are increased by as much as 100 per cent and it is also possible to spin with coarser spools than on ring spinning machines.

Fabric drying equipment

TEXTILE drying equipment of a new design has been developed by Bates Textile Machine Company (Old Mill Lane, Leicester, Tel. 0533 260611).

In operation it will consume some 2,000 lbs/hour of steam at 100 psi and can be warmed up in as little as 25 minutes at which time it will be ready to receive fabric which it will dry in an atmosphere at 120 degrees.

This new unit can handle either one or two pieces of tubular knitted fabric at a time. The operating speed will depend on the character of the fabric being dried, the fibre content and the amount of moisture in it. With the new machine it

is also possible to use it for drying a single piece of open ended fabric, so that within a dyehouse it can be used for a very diversified type of production.

Special attention has been given to tension control and when handling, say, knitted stripes there is provision to guide the cloth into the machine and dry it with the stripe fully aligned so that any distortion is avoided. With precise tension control it is possible even to feed fabric through with an overfeed so that any bulking that is to take place in drying can occur without trouble and to the maximum.

Stops edges from curling

GUIDING textile fabrics in various processes can often be a problem. When a fabric cloth, for example, is put under tension it will tend to curl at the edges. This can make control difficult. A number of different techniques are used to overcome this and often a self-edge securing will be used. This is normally a pair of spirally fluted rubber rollers that revolve and pull through the fabric, which is then held in a clamp carrying either pins or clips which retain the cloth in a fully opened condition.

Another approach has been evolved in the United States: the Tandemate self-edge decurler, built by Tandemate Inc. (Route 1, Box 501, Cannons Camp, Ground Road, Spartanburg, S.C. 29592). It is completely free of moving parts. The obvious advantage of the new decurler is that it is virtually maintenance-free.

The principle is extremely simple. A pair of plates are mounted above and below the cloth and on these plates are positioned a series of vertical bars that press into the fabric and intermesh with each other, thus from above preventing the fabric from curling.

These bars, in this way, the two plates, which head and tail are pulled through the fabric, which is then held in a clamp carrying either pins or clips which retain the cloth in a fully opened condition.

Tandemate decurlers are used widely in the United States, where they are being mounted on machines such as stenters, laminating machines, shearing machines, screen printers and machines and it is worth noting that with the Tandemate decurler it is also possible to control the fabric's edge.

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ENGINEERING

METALWORKING

Stirring to improve molten steel

REDUCTION STIRRING has been applied successfully for the first time to continuous casting in a development programme between ASEA and developed the technique initially for the continuous casting of steel in ladle furnace operations, and Danmager Stahlwerke GmbH.

The continuous casting method is for better production and the stirrer, installed last year, was performed with excellent results. Continuous casting is now widely used in many countries and more plants are being installed despite the problem of the industry.

Offering considerable advantages over traditional casting methods, it also has certain inherent quality problems, especially where high-grade steels are concerned.

Reduction stirring is a solution for many of these problems and makes continuous casting a more attractive proposition still.

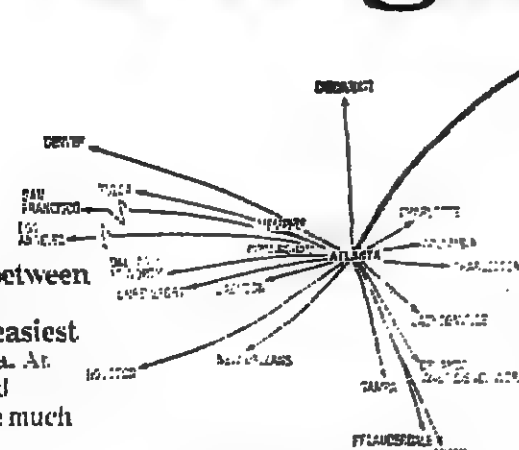
When the continuous strand of molten steel emerges from the mould or former, it already, by its own weight, is divided into one and three centimetres thick, while the core is still in the liquid phase. But the strand generates an electromagnetic field, which produces movement in the liquid core. This means that as the strand solidifies, the liquid steel something is moved around continuously by the field.

ASEA's design operates at mains frequency and can easily be installed in the mill order in one side of the strand, or on both sides.

One effect of the stirring is the production of a much better grain structure in the steel, a considerable reduction in grain size, and a more uniform grain structure, which is a very desirable property. The grain size is also a function of the temperature of the steel, and the stirring is not only of and from the steel, but also from the steel.

For example, the grain size of the steel is a function of the temperature of the steel, and the stirring is not only of and from the steel, but also from the steel.

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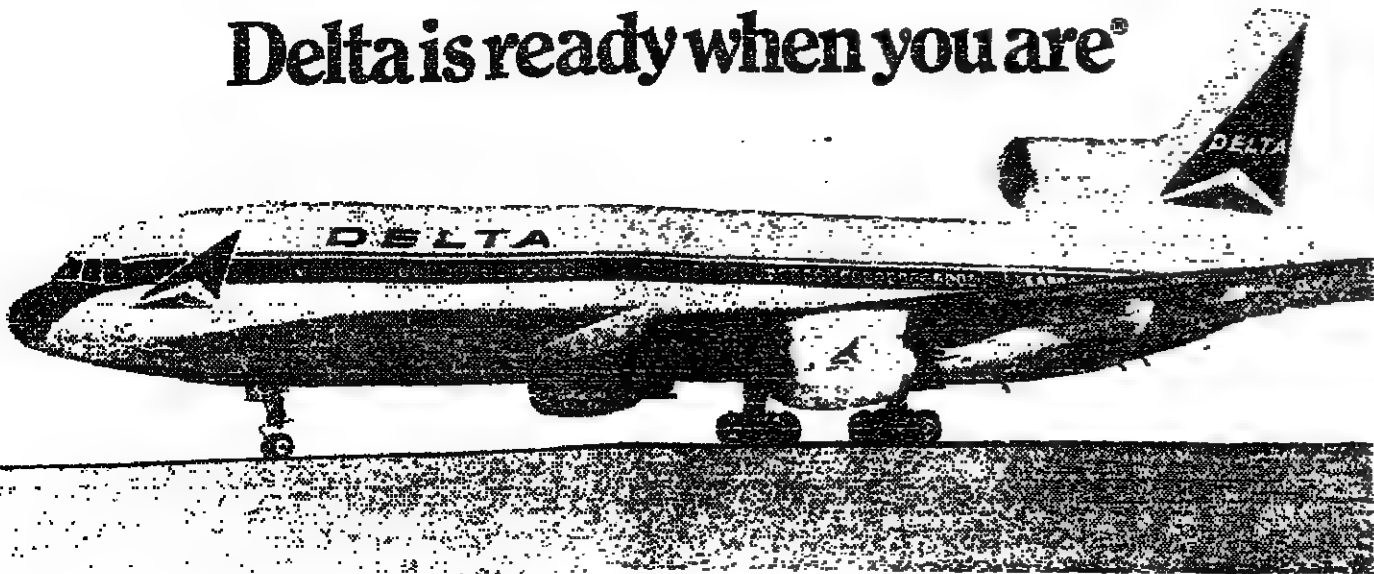
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The Management Page

EDITED BY CHRISTOPHER LORENZ

AT first meeting, Giuseppe Medici seems a most unlikely choice to head Montedison—Italy's most controversial corporation which in recent years has earned itself the dubious reputation of making and unmaking presidents.

Indeed, when the 71-year-old former Christian Democrat senator was nominated some 15 months ago as chairman of the Milan chemical and textiles conglomerate, his surprise appointment was met with a good deal of cynicism. As a former agriculture and industry minister, as well as an ex-foreign secretary, he is perhaps best known to Italians in general for his sartorial elegance, his Panama hat and his walking stick.

Mr. Medici's appointment was interpreted as a compromise in the face of the seemingly unbreakable deadlock between the financially troubled group's private and public shareholders and the disagreement between political party leaders over who should succeed the retiring and highly controversial chairman of Montedison, Dr. Eugenio Cefis. But perhaps more than a compromise, it reflected the decision of the main political forces to wash their hands, for the time being at least, of the entire and increasingly explosive problems of the financially troubled group.

In his brief period as chairman, Sig. Medici, who, on the whole, has sought to keep himself out of the headlines, has tried to defuse the Montedison affair. He has partially succeeded in large measure as a result of the apparent indifference shown towards the company of the political forces. In turn this has enabled the group to put together at last a financial and structural reorganisation programme to pull Montedison, with more than L3,000bn of accumulated debts and losses last year close on L500bn, out of the doldrums.

The financial part of the programme involves a capital increase operation unprecedented in Italian corporate history. The parent company's capital is to be raised by a four for three rights issue (with the nominal value of the new shares of L175 each) from L152.5bn to L355.7bn and subsequently to some L530bn through a L175bn bond issue. At the same time, Montedison is to sell some of its fixed assets in its profitable financial and insurance sector, its hydro-electrical plants and perhaps its stake in a Spanish subsidiary to raise additional funds. Also it will revalue the book value of other assets, including its Adriatic, to cover its continuing substantial operating losses. As regards the structural reorganisation this will mainly affect the group's heavy loss-making synthetic fibres activities which are to be incorporated and rationalised in a separate

Medici and the Arabs: support for a flagging Italian giant

BY PAUL BETTS

new concern called Sinafibre. While there have so far been few signs of the rights issue being subscribed by Montedison's army of small private shareholders, who account for some 25 per cent of the company's base capital with the remaining 75 per cent controlled by large private and public shareholders, a combination of factors is expected to guarantee the operation.

In the face of the expected reluctance of small shareholders to invest again in a company which has seen its share price drop dramatically from L1,000 in a present level averaging L180 and which has not paid a dividend since 1974, Mediobanca, the State-controlled medium-term credit institute, is offering a series of conditions to persuade these small shareholders eventually to pump fresh savings into the group. A minimal deposit of some L40 will allow these shareholders to retain their rights to subscribe for as long as two years. In the meantime, Mediobanca and a group of leading Italian banks heavily exposed in Montedison, will guarantee the issue in order to avoid the prospect of heavy debt write-offs in the event of the company's financial collapse. Not that the political forces could allow such a collapse in view of the social repercussions this would entail.

With the exception of Bastogi, the Rome-based financial company, Montedison's other large shareholders are expected to take up their share of the capital increase. The most significant aspect of the operation is the decision of the Paris-based Banque Arabe Internationale et d'Investissement to buy on behalf of so far unknown private Saudi Arabian interests, a 10 per cent equity stake in Montedison, so becoming one of the company's single largest shareholders. This has clearly given the chemical conglomerate much needed credibility and eventually much needed credit—both on the domestic and international markets. The deal, which is understood to have been worked out by Montedison's deputy chairman, Mario Schimberni, and the Mediobanca managing director, Enrico Cuccia (who, incidentally, played a major part in the celebrated \$350m deal between Fiat and Libya), also includes the setting up of a trading company jointly controlled by Montedison and the Saudi financial interests.

MONTEDISON						
(bn lire)						
Sales	1972	1973	1974	1975	1976	1977
Profit (Loss)	2,100	2,590	4,829	3,335	4,815	5,472
(455)	33	123	(163)	(172)	(445)	
Indebtedness	1,858	1,824	2,133	2,775	3,162	3,430

SALES REVENUE

(bn lire)		
	1976	1977
Base petrochemicals	1,279	1,448
Plastics	929	1,003
Agrochemicals	386	478
Industrial chemicals	600	577
Pharmaceuticals	355	426
Fibres and textiles	656	607
Retailing	740	840
Electronics	59	82
Electrical engineering	74	71
Paint, glass and other manufacturing activities	149	223
Utilities	119	146
Foreign trading co's	342	432
Miscellaneous	108	184
Inter-group sales	(992)	(1,045)
Consolidated total	4,815	5,472



Giuseppe Medici—trying to defuse the Montedison affair.

Indeed, most analysts here suggest that it is this part of the venture which most attracted the Saudi Arabians, although for a relative modest L500bn they have also bought a major voice in the world's seventh largest chemical conglomerate with an established presence in a series of important international markets. About 40 per cent of Montedison's current annual turnover of some L5,000bn is made up of exports.

Equally significant are reports that West German interests have also been buying Montedison shares in recent weeks. This is partly interpreted as a straightforward speculation on the part of foreign buyers who can pick up shares on the Italian Bourse at depressed levels with the possibility of a longer term recovery. However, for some time there has been increasing evidence of concern by other international chemical operators, which clearly view the steady deterioration of Montedison's financial and structural position as inevitably leading to greater public control of the company, thus threatening the international market.

The immediate result of the new Saudi shareholders and the intervention of other foreign buyers will be to reinforce the

Edison, has traditionally been at the forefront of public attention. From the beginning, the company was the fruit of the industrial strategy of the long-ruling Christian Democrat party, which wanted, at a time of increasing Communist electoral gains, to consolidate its power in the state industries and the country's banking system, while in theory Montedison was regarded as a private company.

In practice it effectively belonged to the public sector. Under Dr. Cefis's management, Montedison increasingly became identified with the power struggles not only between the various political parties but between conflicting factions within the ruling Christian Democrats. At the same time, like the other parastatal groups it launched an ambitious and generally uncoordinated programme of investments, partly under pressure from the political forces, to invest in the depressed South.

Coupled with mounting financial losses and accumulated debts, the parastatal groups have increasingly faced internal management revolts as a consequence of the secretive and elitist style of top state managers, who effectively controlled all major decision making and who furthermore became so closely identified with a particular faction of a political party (usually the Christian Democrats) that they generally became known as "so and so's man". This led to a general pollution of a system originally based on the concept of blending the entrepreneurial qualities of private enterprise with the social needs of nationalised industry. In the short-term, there is unlikely to be a sudden improvement since the system so far has virtually castrated any chance of gradual renewal from within management ranks of State or semi-State corporations.

Yet certain changes have occurred, although to a great extent these are the result of the country's political evolution over the last few years. The balance of power has now altered and the Communists to all intents are a party of government. The Christian Democrats are striving to lose their old corrupt image. In the aftermath of the energy crisis and the recession, the financial problems of many groups particularly in the chemicals, textile and steel sectors, have reached breaking point.

Against this background, it

has no longer been possible for the Christian Democrat party to maintain its overwhelming hold on the state sector, nor has the party wanted to be too closely identified in public at least with groups like Montedison. The recent share-out of the chairs of a number of major commercial and savings banks and special credit institutes is a case in point with the Socialists, the Communists, the Republicans all getting their slice of the cake. These days, the political parties are turning their attention to the nomination of crucial appointments at the top of Italy's main state holding companies.

While the Christian Democrats are likely to retain control of the giant holding, Istituto per la Ricostruzione Industriale (IRI), the chairmanship of the state hydrocarbon agency, Ente Nazionale Idrocarburi (ENI), is expected to go to a Socialist, Giorgio Mazzanti, who is also chairman of the holding company which groups together all the state's interests in Montedison.

In this sense, the decision to bring Mr. Medici, an agricultural specialist, out of academic life to head Montedison appears to have been fortuitous, although it was perhaps more the fruit of a desperate compromise to close the politically explosive saga of the so-called "last days of Dr. Cefis". From the beginning his appointment appeared a makeshift solution to enable the political forces to buy time in the controversial Montedison affair. However, if to some his chairmanship still seems a temporary compromise, it is likely to be a lasting one. None of the political forces seem to want at this particular stage to reopen the whole Bizzantine problems of the Montedison chairmanship. Left alone, with a restricted group of collaborators, Mr. Medici has worked, within the limited margin of manoeuvre he possesses, to reinforce the private character of the group. He is politically independent and to some extent has succeeded in bringing some calm to the troubled group. The apparent consensus among the political forces, including the Communists, to stop the increasing inroads of the public sector into the country's industrial structure and the willingness of the banking system to intervene in support of companies in dire financial difficulties, have certainly played a major part in helping Montedison put together a financial rescue package.

The big question is whether the same consensus will arise among the political forces and the trade unions to enable the type of major structural overhaul in key sectors like the chemical and fibres industry without which any number of ingenious financial balancing acts represent only a temporary lifeline to groups like Montedison. In this respect, there has so far been little evidence of anything more than words.

Cash-based profit-sharing will stay the most popular

FEW MAJOR employers are likely to adopt the employee share ownership type of profit sharing this may be based, says the BIM.

In addition, the BIM has found that some companies consider such schemes to be too complicated to administer while others felt that employees already received sufficient benefits and remuneration. "Some individuals are also opposed to financial participation on the grounds that it confuses the distinction between capital and labour, thereby threatening our present economic system. Changes in the tax system will make no difference to these individuals."

A survey conducted by the BIM of 622 companies showed that 246 (40 per cent) have some form of profit-sharing scheme in operation while 54 per cent have never introduced a scheme. The remaining 6 per cent have introduced such arrangements but have now abandoned them.

The main type of profit-sharing in operation is a cash distribution scheme which has been adopted by 71 per cent of the 246 companies. Most of the companies operating cash handouts pay a bonus out of pre-tax profits based on a fixed percentage, or on a sliding scale, or on the discretion of management. Some companies require a threshold profit figure to be reached before there are any handouts and the size of the bonus is usually proportionate to an employee's salary or length of service.

Only a minority of companies consult and communicate with their employees on the introduction of a scheme, and then only to inform them that a decision has been taken. Shareholders however are normally consulted before a scheme is introduced and expert advice is also taken. Employee Financial Participation. By Peter A. Reilly, Management Survey Report No. 41, BIM Foundation, Management House, Parker Street, WC2E, Price £20.

John Elliott

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Influencing Organisational Change—the role of the Personnel Specialist, by Charles Mergerison, is a guide for personnel managers and training specialists in developing skills to become effective in management and organisation development.

The books are available from the Institute of Personnel Management, at Central House, Upper Woburn Place, London WC1H 0HN.

Mettoy

ON OCTOBER 23 it was inadvertently stated that Mettoy Company, the toys group, is a subsidiary of Dobson Park Industries. Mettoy is an independent, publicly quoted company and has only trading connections with Dobson Park.

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ALSO OUTSTANDING DEBENTURES OF PREFIX "M" BEARING THE FOLLOWING NUMBERS:

3 755 855 2265 11265 12165 14165 18065 19265 17865 18065 18265 18465 18665 18865 19065

On December 15, 1978, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main office of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt, Amsterdam, London, Paris and Zurich; Banca Commerciale Italiana S.p.A. in Milan and Rome; Bank Mees & Mees N.V. in Luxembourg; and Kredietbank S.A. in Luxembourg. Payments at the office selected by the holder will be made by check drawn on a bank in New York City or by transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due December 15, 1978 should be detached and collected in the usual manner. On and after December 15, 1978 interest shall cease to accrue on the Debentures herein designated for redemption.

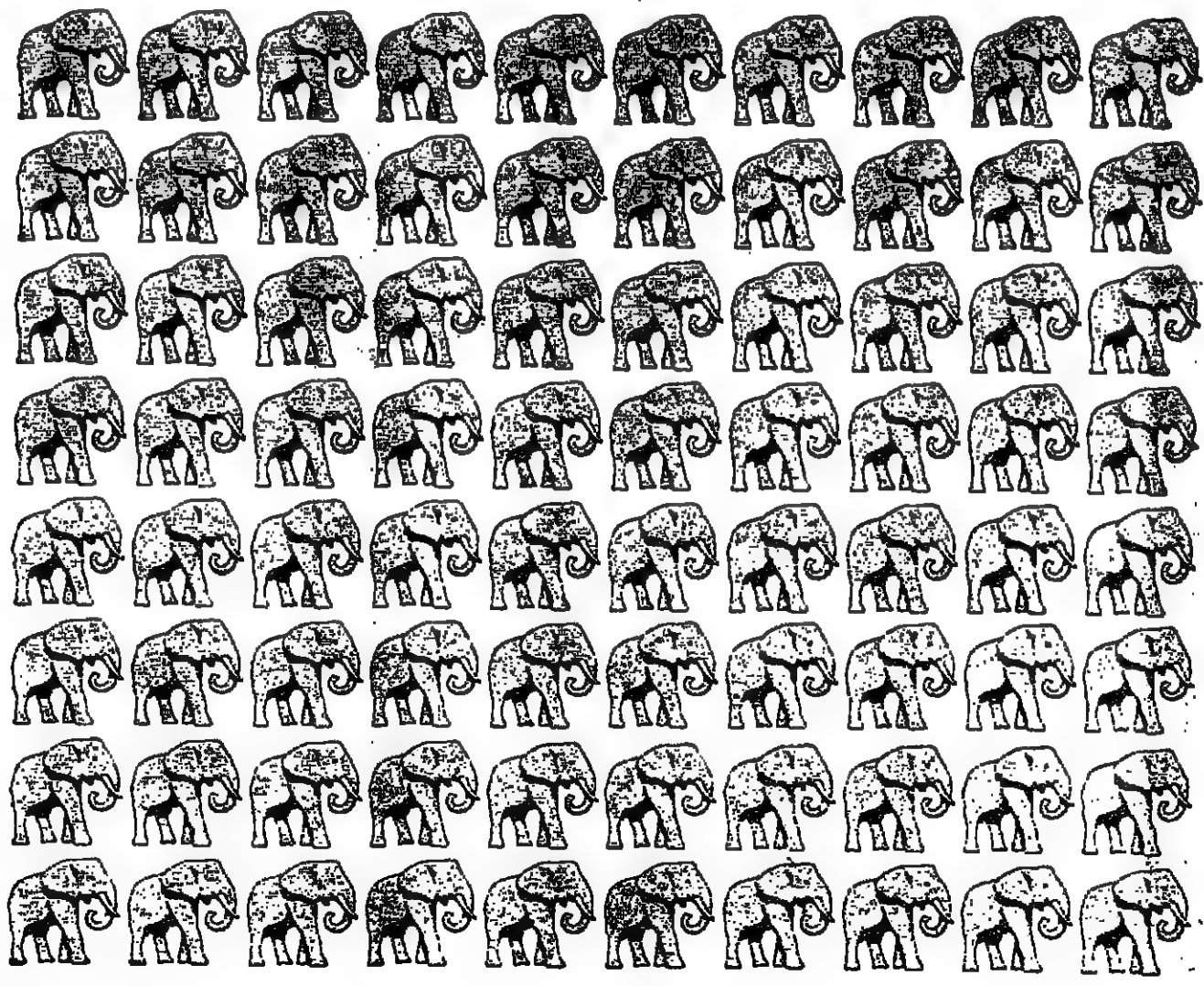
RICHARDSON-MERRELL OVERSEAS FINANCE N.V.

Dated: November 14, 1978

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

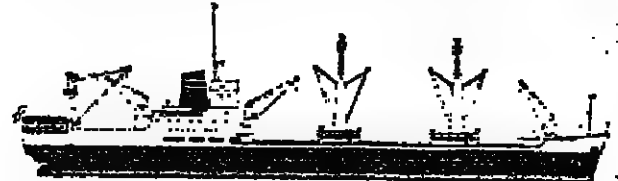
24-572 574 582 5243 3220 3023 6288 6289 6291 6254 7154 7156 7282 8290 9587 12515 12823 13057



A single lift for m.v. 'Craftsman'

Five hundred tons is the lifting capacity of the m.v. "Craftsman". It is the greatest lifting capacity of any liner vessel under the British flag. This vessel forms part of the Harrison Line Fleet which has a total of seven ships built and equipped for the carriage of heavy lifts. All are available for specialised assignments, often travelling to parts of the globe off traditional liner routes to carry out a single job—such as transporting a massive transformer. Heavy lift vessels, container ships, bulk carriers and conventional liner vessels all play an important part in the modern Harrison Line fleet. But a shipping line is built from more than ships. Harrison people are hand picked and highly experienced. Those on land are backed by modern aids, such as computers for the all-important

documentation. Unlike the elephant, Harrison is not the largest of its kind. But, with the finest ships, skilled personnel and a tradition of 125 years of caring for cargo, Harrison is one of the finest shipping lines today.



Harrison Line

WE CARE FOR YOUR CARGO

Thos & Jas. Harrison Ltd, Messer Chambers, Liverpool L2 9UF
Thos & Jas. Harrison Ltd, 15 Devonshire Sq, London EC2M 4HA

Why do you need eyes in the back of your head?

Do you know what it's like to have your eyes on a screen? Your equipment, your buildings, your people? Have you ever wished that you could anticipate events? Be in two places at once?

Now you can have comprehensive security control. The sophisticated surveillance system from Ferranti gives you both continuous monitoring and advance live warning.

Superior performance at competitive prices. Clear, high quality pictures. Simply operated sophisticated controls. Durable equipment for rugged environments. Systems designed to meet every application. That's the new Ferranti Closed-Circuit Television system.

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FERRANTI Surveillance Systems

What, you may ask on first experiencing a ride in the Citroën CX, have the manufacturers of other cars been doing for the past 20 years?

It would appear they have merely played around with modifications to old engineering principles while Citroën have introduced a whole series of dramatic innovations leading to very definite improvements in the all-important areas of comfort and safety.

Take, for example, the unique self-levelling hydropneumatic suspension.

No amount of money can purchase a more comfortable suspension than this. It absorbs all unexpected road shocks so that no matter how rough the surface may be, the ride in the CX will be perfectly smooth at all times.

Nor will heavy loads affect its performance in any way. The suspension automatically adjusts so that the car body is always travelling at a constant height from the road surface.

VariPower steering is also uniquely Citroën.

For parking and at low speeds the steering is finger light and power-returns to a straight line position immediately the steering wheel is released, without requiring any additional effort.

With increasing speed the VariPower steer-

ing grows progressively firmer, increasing road 'feel' for safer driving.

VariPower steering also prevents wheels being deflected by loose stones or uneven surfaces. Even when driving on a motorway in strong cross winds deviation from a straight line is negligible.

In the case of a tyre blowout at, say, 70mph, the combination of Citroën's hydropneumatic suspension and VariPower steering would maintain directional stability which would keep the car safely under control. Even when braking.

A selection of the 16 models in the CX range

MODEL	BHP	TOP SPEED	PRICE
CX 2000	102	109mph	£4966.65
CX 2000 Super	102	109mph	£5199.48
CX 2400 Super (5 speed)	115	112mph	£5813.73
CX 2500 Diesel Super (5 speed)	75	97mph	£6040.71
CX 2400 Pallas (5 speed)	115	112mph	£6398.73
CX 2400 Pallas (C-matic)	115	111mph	£6582.42
CX 2400 Pallas Injection (C-matic)	128	112mph	£6997.77
CX 2400 GTi Injection (5 speed)	128	118mph	£6979.05
CX 2400 Safari Estate	115	109mph	£5971.68
CX 2500 Diesel Safari Estate	75	90mph	£6315.66
CX 2400 Familiale	115	109mph	£6081.66
CX Prestige Injection (C-matic)	128	112mph	£9254.70

There are 16 models in the CX range. All offer the advanced engineering and design that combine to make the CX one of the safest, most comfortable cars you can buy.

And at the end of the day what more could you ask from a car than those very things? **CITROËN ^ CX.**

At the end of the day it's everything you want in a car.



ALL CX MODELS HAVE RECOMMENDED 10,000 MILES SERVICE INTERVALS (1 YEAR UNLIMITED MILEAGE GUARANTEE SUSPENSION GUARANTEED FOR 2 YEARS (MAX. 45,000 MILES) PRICES INCLUDE CAR TAX AND VAT NUMBER PLATES EXTRA DELIVERY CHARGE (600) (VAT) PRICES CORRECT AT TIME OF GOING TO PRESS ENQUIRE ABOUT OUR PERSONAL EXPORT, H.M. FORCES AND DIPLOMATIC SCHEMES AND PREFERENTIAL FINANCE SCHEME CHECK YELLOW PAGES FOR NAME AND ADDRESS OF NEAREST DEALER. CITROËN CARS LTD., MILL STREET, SLOUGH SL2 5DE TEL. 01494 21000

CITROËN ^ CX

74
LOMBARD

A threat to the LDCs

BY DAVID HOUSEGO

A DELUSION that has gained surprisingly wide currency is that though the OECD nations may be bogged down in slow rates of growth, developing nations will continue to move ahead at a fast clip. It is a delusion because much of the success of developing nations in notching up higher growth rates has been based on their fast expansion of manufactured exports. This manoeuvre becomes increasingly difficult with a prolonged slowdown in the west and more vociferous protectionist lobbies.

Strategy

The optimistic view of a continuing fast jog among the high fliers of the third world has been most consistently put forward by the World Bank which also has as a centre piece of its development strategy that ambitiously growing nations must base their expansion on export-based industries.

The Bank has toned down some of its optimism in its recent review of World development prospects because of the protectionist noises in the west. But it still presents a fairly rosy picture of comfort to international bankers who since 1973 have lent developing nations the money that has enabled them to maintain fast growth rates. It is also of comfort to manufacturers of capital equipment in the industrialised countries who have found markets in developing nations—and now possibly in China—in offset their depressed sales in the West.

One of the few commercial banking institutions to dissent from this chorus of reassurance has been Amex Bank. In a recent issue of its Bank Review it noted that borrowing by non-oil less developed countries (LDCs) on the Euromarkets was likely to more than double this year to \$35bn from \$14bn in 1977. It went on: "Despite individual countries, both lower and middle income, facing severe debt problems, the overall picture is one of flooding confidence. Such confidence is, in stark contrast to a general world economic picture of massive uncertainty, round the dollar capital flows and rising interest rates. It is hard to justify and unlikely to last." Amex has a good point.

The article in the review took the six non-oil LDCs whose outstanding debts of \$62bn at the end of last year account for nearly three-quarters of the Euromarket borrowing—Argentina, Brazil, Korea, Mexico, Peru and the Philippines. They are a disparate lot and in the last resort any assessment of the

LDC debt position can only be on a case by case basis. But together payment on principle and interest of the six on their existing Euromarket debt will rise on the present amortisation schedule from \$2bn last year to \$15bn in 1979 (\$4.1bn on the 1976 amortisation schedule), \$8.2bn in 1981 (\$2.3bn on the 1976 schedule) and \$7.4bn in 1982 (\$2bn).

In assessing their ability to meet these obligations and finance new requirements Amex projects that their export earnings will grow by 17.8 per cent in value terms in 1979 and 1980 (assuming 10 per cent inflation). In spite of this they are still likely to require about \$3.5bn in next two years for debt refinancing to spread out the burden of repayments. Amex sees market conditions for borrowers as becoming less favourable in 1979. Banks' willingness to lend to LDCs would depend on the individual relations with particular LDCs. But most crucial to the financial position of the six would be the pace of growth of industrial economies and the impact on LDC export growth.

In practice export performance by the six LDCs has turned out in the first six months of this year far less favourably than allowed for in the Amex calculations. Korea's export earnings were up 21 per cent over the same period in 1977 in value terms, but Brazil's actually dropped. The Philippines remained flat and Peru continues with its problems.

Aggressive

Export prospects may look up in 1979-80 (though the signals still show amber). Korea and Hong Kong have demonstrated that with aggressive marketing and rapid switches in production it is possible to dodge protectionist barriers in the West or Japan.

But the first six months figures do suggest that either the LDCs (and these six in particular) are going to have to switch their investments into projects that will earn them fast returns in foreign exchange receipts—thus exacerbating the risk of further clashes with industrialised countries worried about the vulnerability of their own manufacturing sectors. Or else there will have to be far more serious consideration of ways of providing long term finance through official or commercial channels to help carry LDCs over the potentially difficult years ahead in ways that Peru and the Philippines. They are a disparate lot and in the last resort any assessment of the

THE FORTHCOMING Video Trade exhibition, which opens later this month at London's Heathrow Hotel, is one of many signs that video is becoming a boom industry—especially in educational and industrial applications. Not only is the much-publicised videocassette on show, but so too are cameras, editing equipment and a range of ancillary gear—often of considerable technical sophistication. Most of it comes from Japan, where the total output has increased tenfold in the period 1974-78.

A question that no one seems to ask is "why video?" The 16mm film has been around as an industrial tool for over 40 years, but business interest in that medium has never reached the proportions that would excite investors and entrepreneurs. The reasons for the boom in video are partly connected with its growth from an existing mass product—broadcast television—so that it has benefited from the huge investment and publicity machines of companies like Sony, Philips, Matsushita, JVC and National. The 16mm film industry never had supporters of that breadth and magnitude.

Additionally, however, video

is relatively easier to operate—Trade exhibition, which opens later this month at London's Heathrow Hotel, is one of many signs that video is becoming a boom industry—especially in educational and industrial applications. Not only is the much-publicised videocassette on show, but so too are cameras, editing equipment and a range of ancillary gear—often of considerable technical sophistication. Most of it comes from Japan, where the total output has increased tenfold in the period 1974-78.

More British companies are therefore investing in expensive video production facilities. Whereas once it was confined to institutions like Shell and IBM, with highly qualified staff, more companies are now becoming involved and spending something up to six figures on typical installations without a company audio-visual tradition to back up the investment with experienced human resources.

When a straight recording of a studio talk is all that is required, the justification for using semi-professional producers may seem reasonable enough—especially if the end result is sharp, loud and clear. But just as most of the public will recognise, unconsciously, poorly written newspapers or

brochures and reject them—so too will they reject (perhaps unconsciously) poor television programmes. Moving pictures have become part of our culture heritage regardless of formal education.

That heritage has established

FILM AND VIDEO

BY JOHN CHITTOCK

its own grammar, instinctively recognised by the viewer, but rarely accessible to the practitioner without some training and experience. Even that hypothetical recording of a studio talk can easily offend the instincts of the audience. The way that the person is positioned within the camera frame is important enough: if not centred in a compositional balance, then it is disturbing if the eye is not turned slightly towards the centre of the picture.

The arrangement of lighting on the speaker also calls for skill that the do-it-yourself producer can rarely muster. Most broadcast television viewers, conditioned to the News at Ten or BBC's bulletins, receive their information from talking heads

that are evenly illuminated without strong shadows; the background is likewise quite soft and of a high key, pastel colour. Confronted by a company spokesman, lit so that eyes "recede" into their sockets and the facial structure casts dramatic shadows, the viewer might be forgiven for feeling that this doesn't have the same comfortable and honest atmosphere of the telly.

That same talking head on broadcast television is skillfully presented so that it remains visually interesting. Not only does the professional newsreader remain static in his or her chair without bobbing about, but probably has a better face than does the works manager.

In a similar studio situation, other dimensions are added by the professional but often neglected by the DIY producer—such as music. On BBC or ITN bulletins, the opening music sets its own atmosphere of urgency and importance—preparing the viewer for what follows. When insert material is used, it will be accompanied by sound effects that heighten the effect.

Yet the studio speaker, talking to camera, is only the simplest of situations. Unless the

video facilities on a more challenging subject—such as producing a complete programme about the proposed move of a new HQ—and a range of new requirements arise.

Traditionally, the disciplined approach of the film producer presented with such a situation would turn the task into a much more painstaking operation than is regrettably the norm for video producers.

First there is the research into the subject—and questions such as "who is going to see the film?" "what do you want to achieve?" Then there is a script, which packages the information, argument and motivation in an interesting way with some scope for pace, variety and impact.

The other main problem area for the DIY video producer is the editing and finishing stages—the post production work that is necessary (or should be necessary) after the recordings have been made. This involves (or should involve) considerable time in editing the visual material to inject a natural rhythm and variety of interest. But to do the job properly on video requires expensive facilities and often it gets dismissed as treatment. Yet in film production, the editing process

is regarded as the most formidable, malleable and creative stage of the entire procedure—the point at which real control can be exercised and brilliance possibly achieved.

The warnings for the do-it-yourself video producer ought to be clear: it is not easy, it requires extensive technical facilities to do the job properly, more time than popularity imagined, more preparation than usually allowed for—and most important of all—skill, experience and talent. The first two qualities may be acquired, and there are plenty of training courses available to help (details can be obtained from the Education and Training Committee, the British Kinematograph, Sound and Television Society, 110-112, Victoria House, Vernon Place, London WC1B 4DJ). The talent is in short supply; the best is usually working for the BBC or ITV and is rarely found in the training or marketing department of an industrial company.

Video offers exciting possibilities as an aid to company communication. But it also conceals, in its apparent simplicity, nasty hazards which can be more costly for the end product than the money spent on it.

Guest and son have another winner in David's City

TOBY BALDING, whose Kingsclere-based brother, Ian, concluded a particularly disappointing season with several winners (including Centurion in the Cesarewitch), saddles Misty Time for the opener at Folkestone today rather than take the three-year-old to Ludlow.

I believe that the tip is little taking. Misty Time found little

difficulty in outpacing Fire Drill at Newbury last time out and, although he is undoubtedly not a top flight young hurdler, he will need to be in heat opposition depleted through the withdrawal of Limit Up, who ran yesterday.

I take him to complete a quick double with a win over Bally Seal, a Newmarket opponent, rated the chief danger by Balding.

A year ago trainer Walter Guest and his jockey son, Joe, combined to land the Biddenden Selling Hurdle through Comes Spring. So it will come as no

surprise if David's City does the trick for them on this occasion. David's City, a consistent though not rather one-paced David Jack eight-year-old, also has little to beat and can achieve his first win of the season with a victory over the inexperienced Doon River, to whom he will be conceding only 5 lb.

Lack of any worthwhile rain in the south and Midlands continues to badly affect turn-outs. Fast-ground specialists such as Divinity should find little difficulty in picking up further useful prizes while the conditions last. The favourite, Winter-trained Divinity—one of only 24 runners for the entire card—strikes me as the obvious bet for the Appleford Hurdle, following his 23-lengths Wolverhampton victory over Chariton Fox.

At Ludlow, where just six more take the field than at Folkestone, Co-Partner ought to have no problems improving an impressive track record in the Corvedale Chase.

From April 5 to July 1, next year, the Royal Academy of Arts is to commemorate "Derby Day" as the race reaches its 100th anniversary.

"The Blue Riband of the Turf," to use Benjamin Disraeli's famous phrase, deserves a worthy bi-centennial celebration. To this end, the exhibition will not be simply a gallery of paintings of famous horses, riders and owners, but also a vivid evocation of this great unofficial holiday.

Paintings, engravings, photographs, pamphlets, ephemera of all sorts will be used to re-create the atmosphere of the unique occasion.

The exhibition, sponsored by Coutts, the Financial Times, Messrs. Chandon and Sotheby's, will be held at the Royal Academy of Arts.

FOLKESTONE
1.00—Misty Time
1.30—David's City***
2.00—Toureen
2.30—Divinity*
3.00—Old Saint
3.30—Reckard

LUDLOW
1.00—Space Song
3.00—Co-Partner*
3.30—Regency Wood

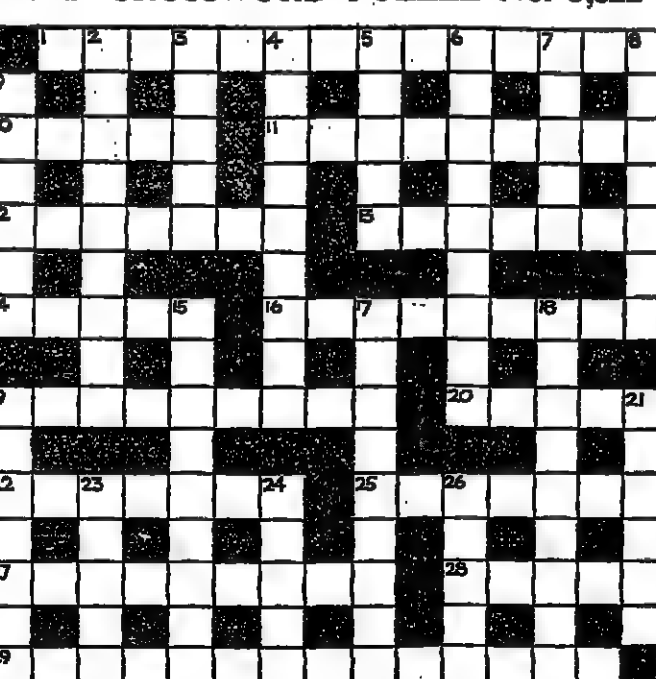
TV/Radio

+ Indicates programme in black and white

BBC 1

8.35 am For Schools: Colleges.
12.15 pm News. 1.00 Pebble Mili.
1.45 How Do You Do? 2.00 You And Me. 2.14 For Schools: Colleges.
2.20 Pobel Y Cwm. 3.35 Regional News for England (except London). 3.55 Play School. 4.30 Deputy David. 4.35 Jackanory.
4.40 Screen Test. 5.05 John Craven's Newsworld. 5.10 The Record Breakers.

F.T. CROSSWORD PUZZLE No. 3,822



- ACROSS**
- Form of language or turn of expression (6, 2, 6)
 - Price of a rib (5)
 - Net South African province is still to be delivered (9)
 - Flap while going round 17 thoroughfare (7)
 - Dried about two pounds but is bored (7)
 - Save about a pound for a drudge (5)
 - Yess tin could produce concentration (9)
 - Gave a yes to the editor (9)
 - Swift but quiet in attack (5)
 - Bound to be grateful (7)
 - Vessel that's not so heavy (7)
 - Band or box followed by soldiers (9)
 - Alter notice about people (5)
 - Board eastern ship going round desolate area and be rightly served (3, 4, 7)
- DOWN**
- Incite one crowd to follow this month (9)
 - French and English articles take exercises but are not suitable (5)
 - Painter putting Oriental title on rota (9)
 - Destined to produce thick edition (6)
 - Senior citizen living in continental board-house? (9)
 - Pralse anticipated in next Olympics (8)

SOLUTION TO PUZZLE No. 3,821

ACROSS
1. FORM OF LANGUAGE OR TURN OF EXPRESSION (6, 2, 6)
2. PRICE OF A RIB (5)
3. NET SOUTH AFRICAN PROVINCE IS STILL TO BE DELIVERED (9)
4. FLAP WHILE GOING ROUND 17 THOROUGHFARE (7)
5. DRIED ABOUT TWO POUNDS BUT IS BORED (7)
6. SAVE ABOUT A POUND FOR A DRUDGE (5)
7. YESS TIN COULD PRODUCE CONCENTRATION (9)
8. GAVE A YES TO THE EDITOR (9)
9. SWIFT BUT QUIET IN ATTACK (5)
10. BOUND TO BE GRATEFUL (7)
11. VESSEL THAT'S NOT SO HEAVY (7)
12. BAND OR BOX FOLLOWED BY SOLDIERS (9)
13. ALTER NOTICE ABOUT PEOPLE (5)
14. BOARD EASTERN SHIP GOING ROUND DESOLATE AREA AND BE RIGHTLY SERVED (3, 4, 7)

DOWN
1. INCITE ONE CROWD TO FOLLOW THIS MONTH (9)
2. FRENCH AND ENGLISH ARTICLES TAKE EXERCISES BUT ARE NOT SUITABLE (5)
3. PAINTER PUTTING ORIENTAL TITLE ON ROTA (9)
4. DESTINED TO PRODUCE THICK EDITION (6)
5. SENIOR CITIZEN LIVING IN CONTINENTAL BOARD-HOUSE? (9)
6. PRALSE ANTICIPATED IN NEXT OLYMPICS (8)

Wales—10.05-10.30 am Ysgolion. 5.55-6.20 Wales Today. 6.20-6.40 David Essex with guests Small Faces. 11.30 Dechrau Siarad. 11.45 News and Weather for Wales.

Scotland—8.30-8.55 am For Schools. 8.55-9.20 Reporting Scotland. 9.20-9.40 News and Weather. 9.40-10.00 Today. 10.00-10.15 Today. 10.15-10.30 Today. 10.30-10.45 Today. 10.45-11.00 Today. 11.00-11.15 Today. 11.15-11.30 Today. 11.30-11.45 Today. 11.45-12.00 Today. 12.00-12.15 Today. 12.15-12.30 Today. 12.30-12.45 Today. 12.45-1.00 Today. 1.00-1.15 Today. 1.15-1.30 Today. 1.30-1.45 Today. 1.45-2.00 Today. 2.00-2.15 Today. 2.15-2.30 Today. 2.30-2.45 Today. 2.45-3.00 Today. 3.00-3.15 Today. 3.15-3.30 Today. 3.30-3.45 Today. 3.45-4.00 Today. 4.00-4.15 Today. 4.15-4.30 Today. 4.30-4.45 Today. 4.45-5.00 Today. 5.00-5.15 Today. 5.15-5.30 Today. 5.30-5.45 Today. 5.45-6.00 Today. 6.00-6.15 Today. 6.15-6.30 Today. 6.30-6.45 Today. 6.45-7.00 Today. 7.00-7.15 Today. 7.15-7.30 Today. 7.30-7.45 Today. 7.45-8.00 Today. 8.00-8.15 Today. 8.15-8.30 Today. 8.30-8.45 Today. 8.45-9.00 Today. 9.00-9.15 Today. 9.15-9.30 Today. 9.30-9.45 Today. 9.45-10.00 Today. 10.00-10.15 Today. 10.15-10.30 Today. 10.30-10.45 Today. 10.45-11.00 Today. 11.00-11.15 Today. 11.15-11.30 Today. 11.30-11.45 Today. 11.45-12.00 Today. 12.00-12.15 Today. 12.15-12.30 Today. 12.30-12.45 Today. 12.45-1.00 Today. 1.00-1.15 Today. 1.15-1.30 Today. 1.30-1.45 Today. 1.45-2.00 Today. 2.00-2.15 Today. 2.15-2.30 Today. 2.30-2.45 Today. 2.45-3.00 Today. 3.00-3.15 Today. 3.15-3.30 Today. 3.30-3.45 Today. 3.45-4.00 Today. 4.00-4.15 Today. 4.15-4.30 Today. 4.30-4.45 Today. 4.45-5.00 Today. 5.00-5.15 Today. 5.15-5.30 Today. 5.30-5.45 Today. 5.45-6.00 Today. 6.00-6.15 Today. 6.15-6.30 Today. 6.30-6.45 Today. 6.45-7.00 Today. 7.00-7.15 Today. 7.15-7.30 Today. 7.30-7.45 Today. 7.45-8.00 Today. 8.00-8.15 Today. 8.15-8.30 Today. 8.30-8.45 Today. 8.45-9.00 Today. 9.00-9.15 Today. 9.15-9.30 Today. 9.30-9.45 Today. 9.45-10.00 Today. 10.00-10.15 Today. 10.15-10.30 Today. 10.30-10.45 Today. 10.45-11.00 Today. 11.00-11.15 Today. 11.15-11.30 Today. 11.30-11.45 Today. 11.45-12.00 Today. 12.00-12.15 Today. 12.15-12.30 Today. 12.30-12.45 Today. 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FINANCIAL TIMES SURVEY

Tuesday November 14 1978

Portugal and the EEC

Since the revolution of 1974 Portugal has sought to strengthen its ties with the EEC. It is now firmly committed to the European ideal and regards membership of the Community as an essential means of consolidating democracy.

Keen to join the club

By Robert Graham

PORTUGAL'S APPROACH to joining the European Community has been disarmingly direct. The complexities and disruptions of substantial changes in trade, fiscal and social policy, to say nothing of the impact on the present constitution of Community laws and practices, have all been subordinated to one overriding consideration. Portugal regards membership of the Community as an essential means of consolidating democracy. The same consideration applies equally to the other two applicants, Greece and Spain.

Just because Portugal has such an overtly political motivation, this does not call in question its commitment to the European ideal. Unlike Spain under Franco, Portugal under Salazar believed—and was

treated—as an integral part of Europe, hence partnership in NATO and membership of EFTA. One of the first acts after the revolution of 1974 was to seek to strengthen existing ties with the EEC. However, formal application to join the Nine was not made until two years later, and only after President Eanes had managed to steer Government away from the military into the hands of a civilian administration. The real drive for EEC membership came from the socialist Government of Sr. Mario Soares, who with his international socialist background saw this as the way to bind Portugal to the mainstream of European politics, so preventing either a return of the army, as in the early days of the revolution, or reversion to dictatorship.

Whatever reservations the European Commission might have about the impact of three new members on the Community's institutions, it has explicitly accepted the political argument as the prime reason for membership. In its opinion given in June the Commission states unequivocally: "The Community cannot leave Portugal out of the process of European integration. The resulting disappointment would be politically very grave and the source of serious difficulties. The accession of Portugal, which sets its face firmly towards Europe (almost as soon as independence was restored), can only strengthen the European ideal."

Within Portugal reservations about joining the Community have come from both the Communist Party, which dominates the trade union movement, and the extreme Right. But the strictly orthodox views of the communists have been less strident of late, and most observers believe that the Government has a fairly free hand to negotiate. The hesitancy and suspicion towards the Community so evident in Britain is largely absent in Portugal.

Negotiations

Negotiations are being approached in a non-partisan atmosphere. A nine-man commission has been set up to conduct negotiations, headed by Sr. Vitor Constancio, vice-governor of the Central Bank and a former Finance Minister. Sr. Constancio refused to serve as minister under the recent, short-lived Nobre da Costa Government or whatever new administration may be formed, but was willing to act as chief negotiator in the role of a senior civil servant. It is hoped that this should free negotiations from the seemingly inevitable ructions of Portuguese politics, and given Sr. Constancio's forceful personality, the Portuguese position is likely to be largely shaped by him. Although the negotiations opened last month in Luxembourg, they will not begin in earnest until December/

January. Formal accession is not expected before 1983.

Portugal does not want a globalisation of negotiations to include the other two applicants, and this seems to have been accepted at the outset by all involved. The timing of the three countries' applications has been different and their trade relations with the Community are dissimilar. As a member of EFTA Portugal was particularly affected by the entry of Britain and Denmark into the EEC. These two countries absorbed a quarter of Portuguese exports, and in order to secure continued access to these markets Portugal proposed a renegotiation of its position, which resulted in the trade agreement of July, 1973—still the basis of Portugal's trade relationship with the Community. Under the terms of this agreement and subsequent revisions, duties by 1980 will apply to only 20 per cent of EFTA and EEC imports (which account for about 41 per cent of total imports).

If this reduction of Portugal's tariff barriers works, then by 1980 Portugal could claim to be applying the equivalent of only 30 per cent of the duties effective back in 1972. For balance-of-payments reasons Portugal is still applying an import surcharge scheme. Also to protect its own agriculture (Portugal imports twice as much agricultural goods as it exports) it gives no concessions to the Community. The Com-

munity for its part has scrapped all tariffs on Portuguese industrial goods. Portugal in fact is the least protectionist-minded of the three applicants. Although this is obviously a point in its favour, it will not lessen the problems involved in Community membership.

The Commission warns bluntly that in its opinion "political considerations must not, however, be allowed to obscure the economic difficulties." These difficulties stem from the country's lack of natural resources, small population and comparative poverty. When viewed against the rest of the Community per capita income is well below the European average, even that of the new applicants. Portugal's per capita income stands at \$1,504 against \$2,390 for Greece and \$2,394 for Spain. Current Portuguese production is equivalent to only 1 per cent of the Nine's GDP. By Community standards the 28 per cent of the population involved in agriculture is high, especially as it accounts for only 12 per cent of GDP. Within the country there are substantial disparities of wealth between the regions, industry being concentrated in a small coastal strip between Braga and Setúbal. The country's level of development is symbolised by the high number of emigrants, some 600,000 of whom are working inside the Community.

Portugal's industrial base relies heavily on traditional

sectors like textiles, while agriculture is dogged by inefficiency, unsuited cultures and political disputes over land ownership. The vulnerability of both industry and agriculture are examined separately elsewhere in this survey. Here it is important merely to emphasise that these weaknesses do not exist in isolation. They are compounded by the general disruptions caused by the revolution and the abrupt end to the colonial era that witnessed a massive influx of refugees from Angola and Mozambique—a combination of events which swelled unemployment, negatively affected production and investment confidence and which created a surge in consumption that was immediately reflected in serious strains on the balance of payments. The net effect has been to produce the most precarious economy in Europe, only now just beginning to move down the path of stabilisation under the firm tutelage of the IMF.

Controls

As a counterpart for financial aid, the IMF insisted on tough credit controls, higher interest rates and further escudo depreciation to halt inflation and improve the balance of payments, whose deficit earlier this year had reached an unacceptable 9 per cent of GDP. With some exceptions in public sector credit, the IMF guidelines are

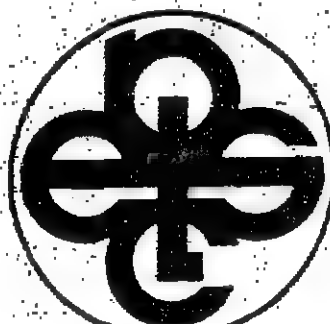
being observed. By next March the current account deficit should be reduced to \$1bn. But IMF tutelage is only a short-term expedient and, moreover, deflationary. Portugal on the other hand, if it is to approach closer to the Community level of development, must sustain a high average growth rate in the coming years. This challenge for a structurally weak economy will cast ultimately the biggest cloud over the accession negotiations.

Growth this year will be about 35 per cent, with inflation running at 20-21 per cent. Much of it is hoped with a centralised simplified problem is as follows: to sustain 3 per cent growth Portugal will need some \$1bn in external assistance annually. Even that will not really be high enough to bring Portugal closer to its European partners in the foreseeable future. Yet higher growth will merely aggravate the balance of payments problem, and if higher growth is sought existing barriers to domestic and foreign investment confidence will have to disappear. These will only disappear once the restrictive labour laws are altered, compensation payments for nationalised sectors resolved and prohibitions on capital movements relaxed. Such inherent difficulties of managing future growth must be seen in tandem, with the delicate task of fixing a satisfactory transition period. This will be particularly acute in the agricultural sector, where Portugal's food-

stuffs imports will increase to be only partially offset by higher prices for such items as wine and tomato concentrate.

Just how high a price Portugal will have to pay is still unclear. But it would be mistaken to put too much emphasis on the problems because there are substantial gains in sight, quite apart from the main political one. The prospect of impending EEC membership should act as a catalyst for all sorts of improvements in the efficiency of the administration, starting with a centralised and regular flow of accurate statistics. Membership also promises to focus on a more rational approach to Portugal's regional disparities.

More exciting is the prospect of attracting European industry to establish itself in Portugal, offering as it does the lowest industrial overheads in Europe. Here a major unknown is how Portugal and Spain will come to regard each other as the same Iberian market. Until now these two neighbours have chosen to ignore joint economic potential through a mixture of protectionism and historic rivalry. Logically the two countries should view each other as belonging to the same market in the future, and this could have enormous implications for the development of the border region between the two countries, at present the most backward and neglected area of the Iberian Peninsula.



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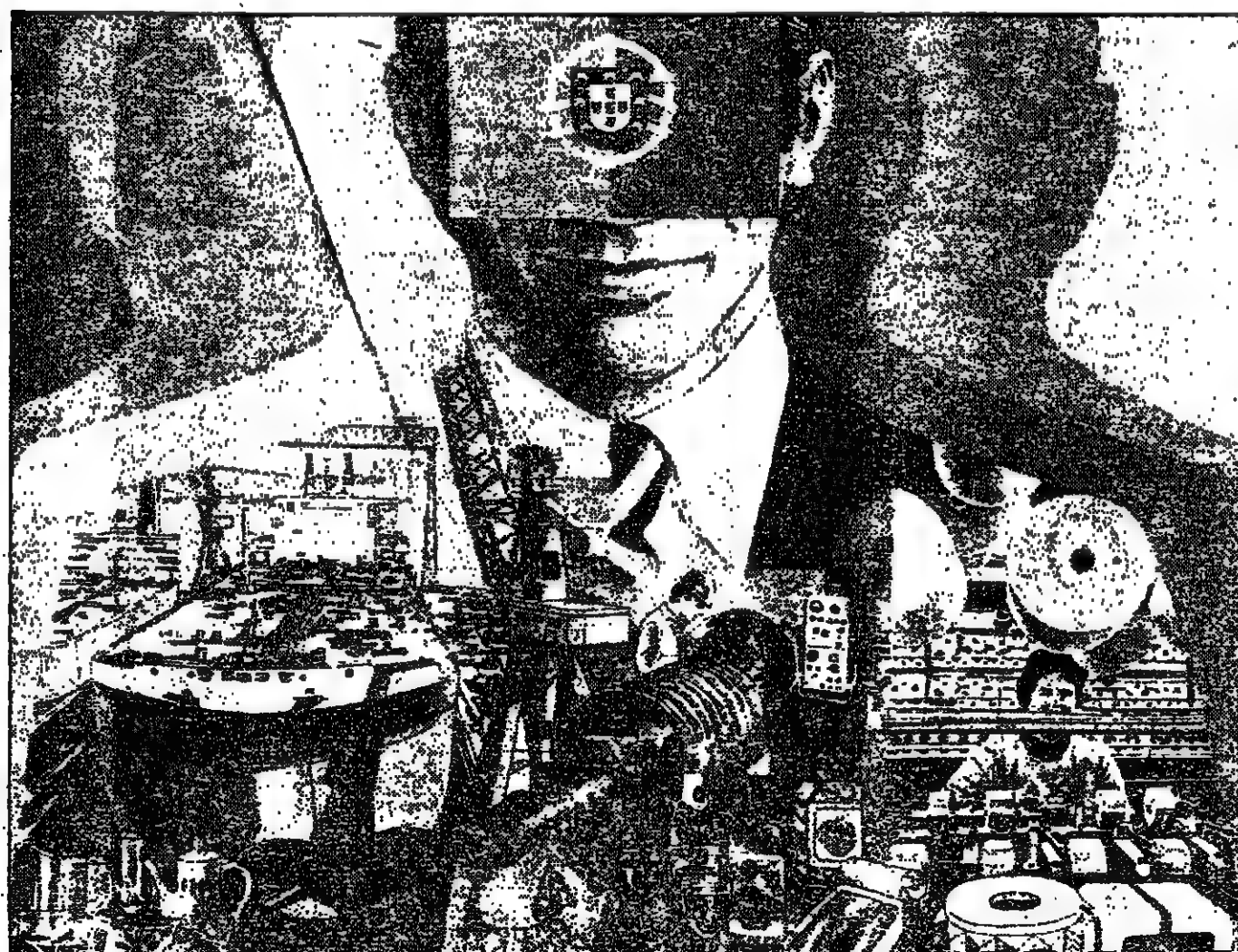
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PORTUGAL AND THE EEC II

Banking practice will have to adjust



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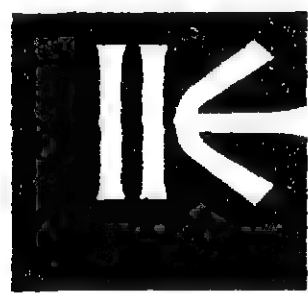
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BANKING HAS been one of the sectors most affected by the 1974 revolution as all domestic banks were nationalised. The Portuguese operations of the three foreign banks—Banco do Brasil, Bolsa and Credit Lyonnais—were left untouched. But the State took effective control of over 95 per cent of all banking, making Portugal the European country in which the State exerted the greatest banking control.

Under the present conditions accession to the EEC does present several important problems which essentially relate to the way in which the existing constitution has enshrined the principle of State control of strategic sectors like banking. However, these problems need not be exaggerated. So much has changed in the atmosphere of Portuguese politics in the past two years, indeed even in the past few months, that existing EEC objections may well disappear long before accession.

These problems also tend to be emphasised by the private sector which has a vested interest in trying to reduce the area of State involvement in the economy and which uses the prospect of entry into the EEC as a means of showing that existing legislation is out of step with the Brussels commitment to a market economy.

Constitution

The constitution lays down that those sectors reserved for the public sector will be defined by law. The law governing this was promulgated on July 8, 1977 and defined those sectors reserved for State enterprise as armaments, oil refining, iron and steel, base petrochemicals, fertilisers, cement and banking and insurance.

It is the principle of the right of establishment that is at stake and the problem is both one of changing the constitution and changing the law to meet EEC requirements.

Within the country the role of the banks is still an emotive issue, though much less so than it was. The 14 commercial banks prior to nationalisation were deeply involved in all aspects of the economy and in many instances were the chief shareholders in major industrial holdings. They were the main economic force in the country.

Thus on nationalisation the State also acquired some 2,000 companies in the private sector. Exception was made for the three foreign owned banks, who were really marginal to the overall picture since their presence was historic and was concerned primarily with financing trade with their respective countries. There is no suggestion that the clock now be put back.

In France and Italy after all the principal banking institutions are state controlled. However, accommodation will have to be made to get round the prohibition in principle on the right of establishment of banks. In this sense there is a certain illogicality in the tolerance already of three private foreign banks and denial of local private banks (though the motive at the time was clear enough—an attempt not to alienate the international financial community during the revolutionary changes).

If the Government wishes to reserve its position, and not commit itself to any fundamental change in the existing situation, it can invoke the principles of Article 123 of the Treaty of Rome. This article, according to Portugal's chief negotiator, Sr. Vitor Constancio, states quite clearly that membership will not prevail on the laws of property of member states. Yet equally he argues that ratification by Parliament of the treaty of accession automatically implies acceptance of EEC rules which in turn subsume those laws which are contradictory—like elements of the July 1977 law defining public sectors.

However, within the banking community there is now a growing feeling that the constitution will be revised and that such revision will occur before 1980 when full negotiations with the EEC are due to begin. Already some steps have been taken to "liberalise" the Government's attitude towards private financial institutions.

The recent short-lived Nobre da Costa Government was working on legislation to regulate the establishment of investment companies and the general feeling is that this work will be continued by the latest administration without any change of emphasis. The regulations being worked upon accepted the need for private investment companies, acting in many respects as merchant banks, to fulfil a genuine vacuum for medium and longer term finance created by nationalisation.

On nationalisation the banking system was primarily utilised to service the much enlarged public sector. The banks went through considerable internal upheavals as vigorous trade unionism insisted on supervision of management. Management has settled down in the past year to a more orderly pattern. Nevertheless, the inevitable "bureaucratisation" of management that resulted with state takeover has left its mark and encouragement of private sector investment continues to suffer as a result.

One of the most significant new developments in this states have done in the past, to respect was the establishment of a financial services company in anticipation of the new investment company regulations. The company, MDM, is an equal part-

nership between the Mello Group, Deutsche Bank and Morgan Guaranty. The financial community feels that two well respected and relatively conservative international banking forces would not have gone ahead with this venture, no matter how small, involving the best known private business family in Portugal, without some sort of indication from the authorities of greater liberalisation to follow. MDM cannot of course either take funds or make loans but it can act as a catalyst—offering advice on investment projects, preparing studies and help in arranging finance. Although only operational for two months MDM reports an encouraging response from the private sector, indicating a genuine need for such an institution.

Even if the existing laws were changed it is arguable whether any international bank would commit itself to establishing a full banking presence. Breaking into retail banking would be difficult if not costly. However, longer term considerations may be different. Some eyebrows were raised last March when Citibank announced that it would establish a representative office in Lisbon, this being seen as an indication of interest, if not future intentions, since this was the first time since the revolution that a foreign bank had sought to be present in Portugal.

Capital

The other area where Portuguese banking practice is in conflict with the EEC is over legislation on capital flows. As part of its efforts to protect the economy and prevent a deterioration in the balance of payments, the Government has introduced stringent rules on capital movements. Foreign investment, for instance, according to the law of August 24, 1977, are subject to strict control concerning repatriation of profits. The EEC opinion on Portuguese accession stated, "all these arrangements will need to be adapted to conform with Community rules, particularly as regards the free movement of capital." During a recent seminar organised by the Banco Portugues do Atlantico several suggestions were made to alleviate the existing restrictions, without calling for their immediate removal. These suggestions included a decentralisation of the decision making process in foreign exchange matters, facilities for Portuguese exporters and importers to engage in forward transactions to minimise currency risks and rationalisation of the existing multitude of laws.

Sr. Vitor Constancio says in this respect: "It is unrealistic to think that given our present balance of payments problem we can envisage a liberalisation of capital movements, especially as regards the direction of outflows of capital. We think it is a problem. But even in the Treaty of Rome there are certain safeguard clauses for member states which foresee these kind of situations and make it possible, as member states have done in the past, to implement capital control. He therefore maintains that until Portugal's balance of payments problem is resolved, the position cannot be altered. In other words any substantive change

on this issue will be in the medium or long term.

Some see the issue of compensation for the nationalised banks as a potential source of conflict with Brussels. But this issue is likely to have been defused long before serious negotiations begin. The Government has been moving slowly forward with the mechanics of compensation. Before the year end the claims of all the shareholders are expected to have been classified on computer and the first bonds issued in lieu. The real problem with the compensatory bonds is that the

Government cannot possibly allow immediate realisation of assets in liquid form. Thus even the use of bonds as collateral for bank loans for new investment will have to be conditional on conformity with existing credit ceilings. These are currently tightly controlled by the IMF letter of intent, initially valid until March 1979 but almost certainly to be extended into the foreseeable future so long as Portugal's balance of payments and inflation remains the number one economic problem.

Robert Graham

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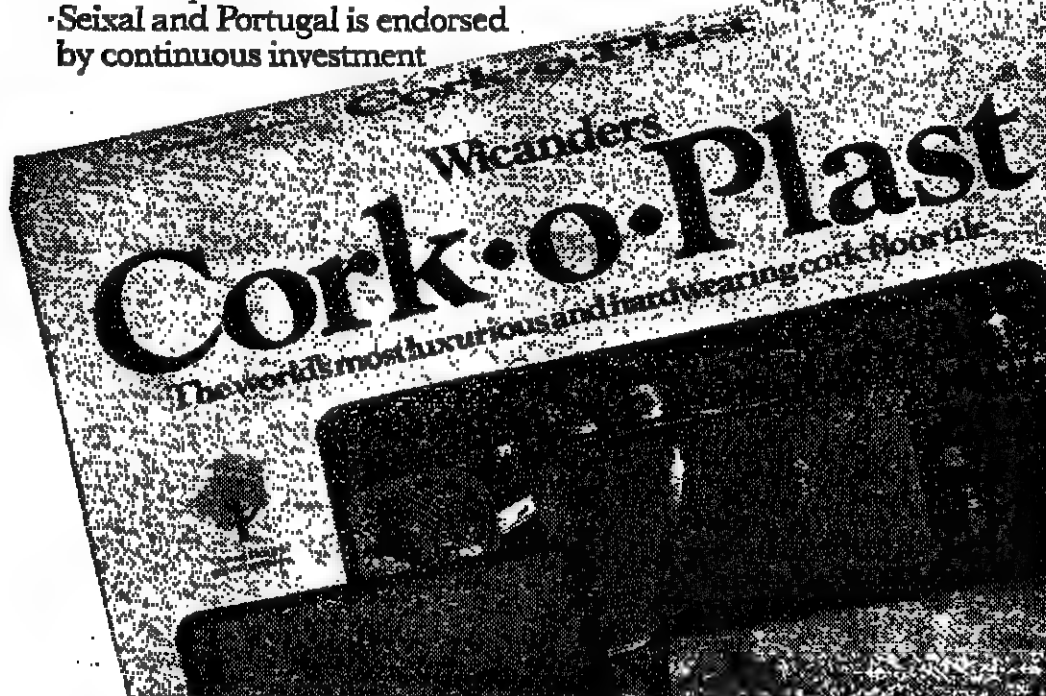
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PORTUGAL AND THE EEC IV

Labour a delicate issue

EVER SINCE a group of and political oppression that that way. The oil crisis in 1973, in practical terms shifted very a full member state, would make a mockery of one of the basic precepts of the EEC: the need for development towards the full economic and political unity within Europe.

In the long-term, both the country's crippled balance-of-payments deficit remains as need to make every effort to eradicate the negative motor of emigration which is the development. West Germany and France, the two countries most shackled by the burden of Portuguese labour, will need to contribute towards finding employment in Portugal through increased investment.

Such an effort would have the host backing of the community's own resources, including the existing European social fund. This would help promote vocational training and create employment opportunities, particularly in the less developed regions such as the north-east and the present member states, particularly in the first years after enlargement.

For her part, the Portuguese Government will need to make every effort to restructure her economy, and extend her limited capacity for absorbing external finance. Under the new EEC member states, both Portugal and Brussels will have to remain vigilant on the labour issue, regarding the issue of labour mobility.

There is still, however, a considerable gap between the two sides which have already found common ground in recognising the need for a transitional period, which would allow for some give and take on the issue.

The most likely solution would have been commission agreement to the lifting of any discriminatory measures against Portuguese workers already resident in EEC member states. In return, the Portuguese government would agree, during an initial period of say five years, to the introduction of a quota system regulating the inflow of any new labour. These quotas would be adapted annually according to the existing conditions of the labour market in the host country.

Underlying such a compromise would be an awareness on both sides that a permanent restriction of Portuguese workers' movements within the EEC, once Portugal has become

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Looking towards Africa again

"DURING THE dictatorship, my generation used to look towards Europe as a reference point from which we could compare our situation. And that was important in creating a European consciousness among many intellectual groups in Portugal before 1974. Officialdom at that time tended to look towards Africa, and as a reaction we looked towards Europe."

So answered Dr. Vitor Constancio, the man in charge of Portugal's negotiations with the EEC, when I asked him recently what made him a "European." It is perhaps the clearest sign of the changing times in Portugal that Dr. Constancio and others of that "generation" are again looking towards Africa. For the links they wish to forge with what are now Portugal's former African colonies are no longer presented as an opposition to Europe but as a complement to it.

Only Guinea Bissau, among Portugal's former colonies, is a signatory to the Lome convention. Now, more than ever before, however, the Community is seeing that a very real need exists to draw Angola and Mozambique into its camp, and away from the fields of influence of the two power blocks. The role that Portugal can play in this respect is implicitly recognised in the Commission's opinion on Portugal's application for accession.

It has been said, and not without certain justification, that Western Europe until now has lacked a coherent policy towards South West Africa. At no time was this more manifest than in the immediate period surrounding the Portuguese withdrawal from its colonies.

Individual countries within the Community, for example, failed to agree as to whether or not to recognise the MPLA in Angola as the legitimate government. While some Western powers went ahead and offered Dr. Neto almost immediate diplomatic recognition, others either held back or openly supported MPLA's rivals.

The lack of coherence was manifest in the chaotic negotiations leading up to the independence of Angola, during which the three "liberation" groups were shuffled and aggravated to the point of incompatibility by Portugal's head of Government at the time, General Antonio de Spínola.

Independence negotiations did not prove so complicated Portugal and Guinea Bissau,

either in Guinea Bissau or Mozambique, where the Portuguese Government settled more amicably with single more cohesive liberation movements, undisturbed by tribal factors.

Portugal was in fact among the last European countries to formally establish full diplomatic relations with Dr. Neto's Government, and even this formalised "friendship" did not maintain itself.

Against this background it is easier to understand that a new and very significant chapter in Portugal's relations with its former African colonies took place early this summer. The signing of a general co-operation treaty in Bissau after a face-to-face meeting between President Ramalho Eanes of Portugal and President Agostinho Neto of Angola cast Portugal for the first time in the mould of bridge-head between Europe and Portuguese-speaking Africa.

Friendship between Portugal and Angola now appears to point towards a generalised European policy towards Africa based on greater technical and financial assistance. Such a policy appears to have much greater chances of success than the more antagonistic approach recommended by President Giscard d'Estaing earlier this year. Significantly Portugal was herself conspicuously absent from the five nations meeting arranged by the French President in Paris last June where he attempted to set up a European-backed "Pan-african" military force.

As far as Europe is concerned the Portuguese approach appears to be altogether more consistent with the Community's apparent principle of commitment to the cause of peaceful democratic progress in Africa.

It is perhaps significant that the summit meeting in Bissau was masterminded by President Luis Cabral of Guinea Bissau, the only former African colony to have established major links with the Western world.

In an important sense Guinea Bissau is an example of the positive results that can be achieved through closer contacts between Africa and Europe. Over the last two years, Portugal has been particularly prominent in its technical and economic aid to the former colony. The Portuguese doctors, teachers, and technicians now living there are proving an effective counter-balance to the Soviet and Cuban presence in the area. A recent fishing agreement between

Portugal and Guinea Bissau, for example, has virtually supplanted last year with the Russians. Portugal's co-operation treaty with Angola is a similar agreement already exists with Mozambique. It is the beginning of a similar kind of relationship with South West Africa. Stronger links, however, will be dependent on a solution to a number of outstanding issues.

Portugal, Empresa de Celulose e Papel de Portugal, is one of the biggest companies of its kind in Europe, representing 70% of the Portuguese cellulose sector, and producing raw and bleached eucalyptus and pine pulp, paper, packaging and also participating in the main Portuguese paper companies.

PORTUGAL incorporates eight advanced technology units and also encourages

numbering in which the most modern mechanisation and methods are used. PORTUGAL, in constant development, represents a yearly production capacity of half a million tonnes of pulp, 300,000 tonnes of paper and 120,000 tonnes of packaging.

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TABAQUEIRA E.P.

PORTUGAL AND THE EEC V

Industry will bargain hard

A FEELING of vertigo takes hold of the Portuguese industrialist whenever he gets down to discussing the full implications of Portugal's EEC membership. His fear is that the desperate need for a thorough restructuring of Portuguese industry without first taking into account the nature of Portugal's present state of development.

Portuguese industry is almost totally taken up by sectors which from a European perspective would seem to have no part to play in the future once Portugal has joined the Community. The present paradox lies in the fact that these same sectors, from the viewpoint of the Portuguese, have key roles within the economy in terms of their positive contribution to the balance of payments and their capacity to create employment.

Textiles, for example, account for almost a fifth of Portugal's total industrial production. The sector employs over 200,000, or 25 per cent of total employment in Portuguese industry. Textiles account for 30 per cent of the country's total exports and these are expanding every day. Portugal expects to export £5,300m of textile goods this year, an increase of a third on 1977.

Nevertheless, from the Brussels end of the EEC negotiations there would seem to be little room for encouragement. The textile industry throughout the Community has been depressed for over four years, a fact that has not gone unnoticed in Portugal.

The 1972 trade agreement which Portugal signed with the EEC put considerable restrictions on Portuguese textile exports, and since then individual countries, notably Britain, have introduced even stiffer quota systems to protect their own textile industries from Portuguese imports.

Such limitations are clearly frustrating for the Portuguese, particularly when their textiles are meeting with a favourable response from individual buyers. At the moment, for example, orders were drawn from 25 countries with Britain, France, and West Germany the leading buyers.

"We have been severely hit by the restrictions which the EEC has imposed on us with regard to the textile industry," said Dr. Victor Constancia, Portugal's chief EEC negotiator, recently.

Clearly a lot of hard bargaining will have to take place on the issue. On the Portuguese side, there is certainly the will to push the textile industry to its fullest capabilities. A first step in that direction would appear to be the rationalisation of the hundreds of small textile concerns which are at the moment struggling to remain profitable. There would also appear to be a growing emphasis on quality rather than quantity in order to deal with the growing competition from the Third World.

"We are not knocking at the door of the EEC empty-handed. There are companies in Portugal which have weathered crises and uncertainties precisely because they were conceived on a European scale." So ran a Portuguese Government advertisement, just over a year ago.

Portugal's shipbuilding and shiprepairing yards at Lisnave remain one of the major examples of that kind of "scale". Shiprepairing occupies a strategic place in the Portuguese economy. Lisnave alone accounts for some 5 per cent of the country's total export earnings and employs a workforce of just under 10,000.

Yet here again the thought of future EEC membership for Portugal hovers like a dark cloud. Earlier this year the EEC's Council of Ministers issued a series of directives concerning shipbuilding and shiprepairing which envisaged a 50 per cent reduction of capacity and a firm control of government subsidies within the Community by 1980. There would be nothing to stop the Ministry from extending the same protectionist policies to Portugal.

Expand

But far from restraining its activities Lisnave is preparing to expand, investing nearly \$20m in new equipment to cope with an estimated 30 per cent increase in overall sales. The thought of reducing its labour force, when national unemployment is already running at 15 per cent, remains too great a risk.

Equally problematical within the context of Portugal's future entry into the Community are two sectors of Portuguese industry which are in a half-way stage of development and which are counting on liberal doses of Government money.

The future of Portuguese steel still awaits the operation of a national steel plant first published in January 1977. If the plan were ever put into practice it would be the equivalent of response from individual buyers. At the moment, for example, orders were drawn from 25 countries with Britain, France, and West Germany the leading buyers.

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nationalised petrochemical company, CNP, is only one of a series of grandiose schemes going on at the complex. Sines was born in the 1960s before the oil crisis and before Portugal lost its overseas empire. Over 10,000 workers have already been involved in building initial plant and a deepwater port. A conservative estimate puts total Government investment in the project at around \$3bn.

It is difficult in a European perspective to justify the viability of such a scheme, especially when the petrochemicals industry is suffering world-wide recession. Yet at CNP, even more than in most Portuguese companies, management insists that Portugal is a special case.

The company's own research has predicted a substantial growth in local consumption of plastics over the next decade. CNP's aim therefore is to cater fully for Portugal's plastics industry through utilisation of the steam cracker, and consequently save Portugal a considerable sum in foreign exchange annually. In the medium term CNP expects to export excess production, further contributing to the balance of payments.

However strong the argument for exploiting to the full major sectors like the above, Lisbon and Brussels still see eye to eye on the need for new industries to bring Portugal to the level of development needed if it is to survive as a member of the Community.

In this context there is a need for investment capital, something which has been slow to appear in Portugal ever since the political storms of the revolution first broke out.

Certain major factors continue to dissuade both the foreign and national investor. These include present labour laws, the lack of guidelines and overall planning for industry (Portugal is still without a medium-term plan following the collapse of the Socialist-Conservative alliance

in July) and the failure of the Government to compensate private concerns which were nationalised in 1974 and 1975.

Significantly, the Confederation of Portuguese Industry (CIP) greeted the Commission's opinion on Portugal's application in May by saying that Portugal's present legislation was in direct contradiction to the country's participation in a future market economy.

Portugal's present union structure is also viewed as inconsistent with future membership. The Confederation of Portuguese Workers (Inter-sindical), which claims to speak for over 80 per cent of Portuguese Labour, is heavily controlled by the Portuguese Communist Party—the only Portuguese political party which has shown itself virulently opposed to the EEC.

These problems are expected to be ironed out before Portugal becomes a full member. Compensation for State take-overs has already been seriously considered by two Portuguese governments this year, and on the Labour front the Socialist and Social Democrat parties have recently formed a democratic alternative to Inter-sindical.

Perhaps the most hopeful sign that investment may be on the way back in Portugal is the Renault project currently being negotiated at Government level. This involves an estimated investment of FF1,1bn, and the creation of 7,000 new jobs. Renault will build a 300,000-unit engine plant using 80 per cent local content, as well as a component manufacturing plant.

Until now Portugal's motor industry has been restricted to assembly. The Renault project promises to integrate Portugal fully into the European market. To that extent it is perhaps the single largest token of confidence in Portugal's industrial future since before the revolution.

J.B.

Africa

CONTINUED FROM PREVIOUS PAGE

of economic and financial differences which exist between Portugal and its former colonies.

The differences embrace the nationalised banking system both in Angola and Mozambique, which has left a number of former private Portuguese banks without compensation. Financial observers estimate that another important "concession" in the way of greater co-operation is the as yet unresolved issue of compensation for Portuguese financial guarantees on various Angolan projects.

Finally there is the important issue of Portuguese interests in the Angolan diamond mine, Diamang. For over two years the Portuguese corporate and small shareholders on the one side and the Angolan

Government on the other have been involved in a dispute over the mine's assets (the mine was once ranked as the sixth most important diamond producer in the world). The Portuguese Government has frozen \$3m worth of the mine's assets in Portugal and has been trying to force Angola to sign a new operating contract while demanding a substantial payment for the mine's assets.

Despite the difficulties, however, there are reasons why both sides would prefer to reach an understanding. Among these perhaps the most important is the problem of the Angolan refugees still living in Portugal. Altogether just under a million Portuguese settlers and refugees are estimated to have fled the former colonies following independence. The sudden influx into Portugal of such a number over the last two years has put severe strains on the Portuguese economy. The Portuguese Government has spent an estimated \$5.50bn in creating job opportunities, and housing facilities for the majority of the "retornados." The integration has not been entirely successful, given Portugal's limited economic resources and its badly structured industry and agriculture. With unemployment running at around 15 per cent and an already acute housing shortage the "African problem" has simply aggravated the situation.

That Portugal's former colonies may in the future become a more substantial vent for Portugal's surplus labour is a possibility that has not gone unnoticed by EEC officials. Portuguese emigration (see elsewhere in this Survey) is one of the more troubling issues facing both the EEC and Portuguese negotiating teams.

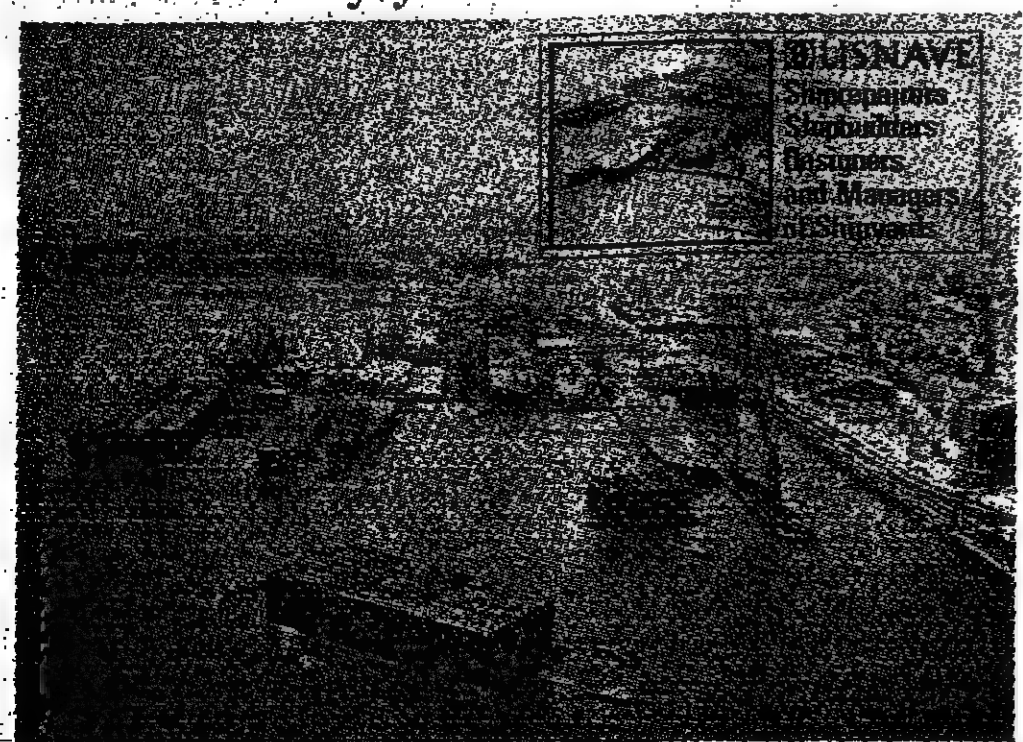
Equally the fact that the former colonies may in the future have the potential to absorb some Portuguese exports, which have failed to find the necessary outlets elsewhere in the world, will be looked on kindly by Brussels.

As far as Portuguese officials are concerned, however, the problem of trade with the former colonies is not as clear-cut as it might at first appear. Traditional Portuguese exports to Africa, such as textiles and wine, are precisely those that would be harder hit once Angola and Mozambique had entered the Lomé convention.

It will be up to the Community to ensure that once Angola and Mozambique have been brought into the European camp, Portugal's efforts in making that possible will not go unrewarded.

J.B.

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PORTUGAL AND THE EEC VI



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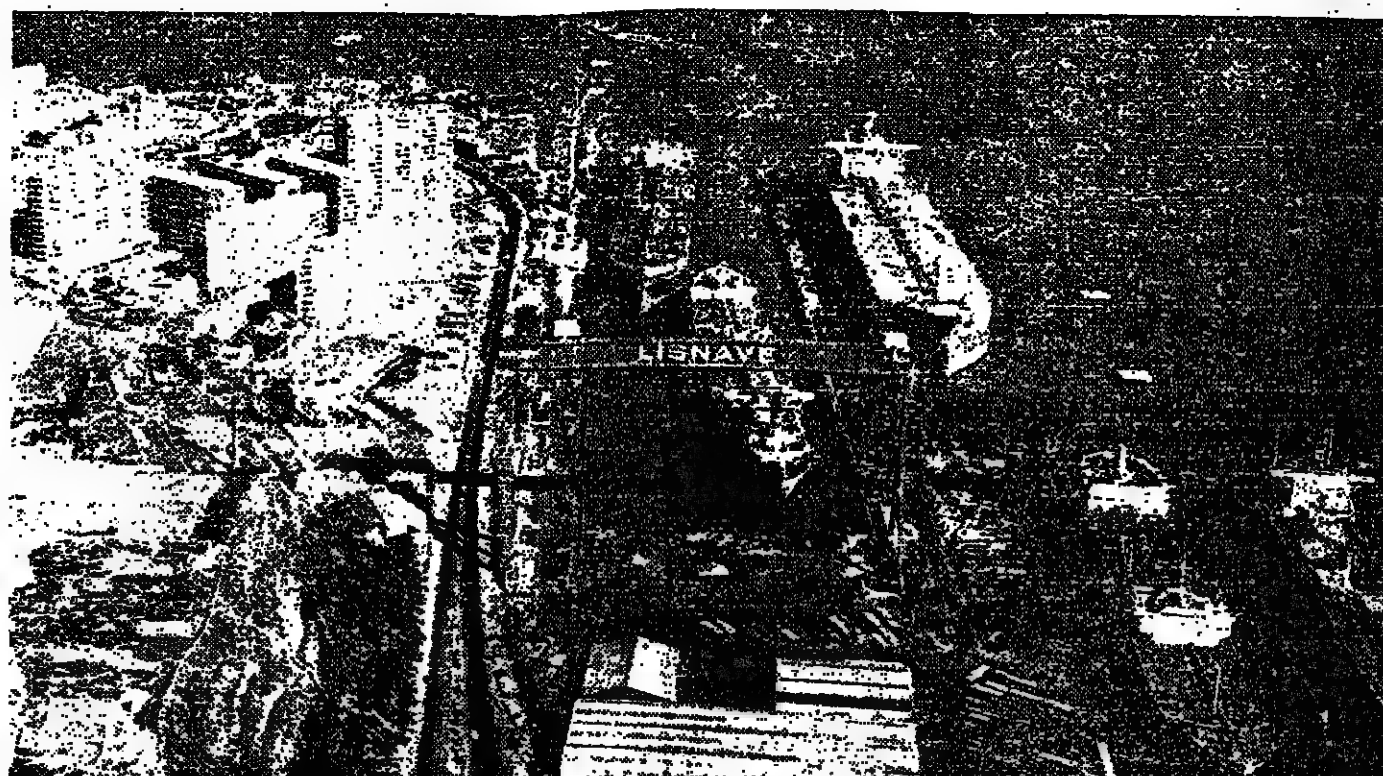
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The Lisbon Alfredo da Silva dock

The view from Brussels

THE OPENING in Luxembourg last month of formal negotiations with Portugal on its application to join the EEC takes the Community a stage further along the apparently irrevocable course towards its next enlargement. Though hard bargaining on the exact terms of Portuguese entry is not due to begin until after the turn of the year — and will probably last about three years — the principle of its eventual accession already appears established beyond question.

The same can be said for Greece, which has been engaged in membership negotiations since July 1976. Though some thorny issues have yet to be settled, the EEC Commission remains confident that the talks will be concluded by next summer. The Commission has promised also to publish its formal opinion on Spain's application early next year, and formal negotiations with Madrid can be expected to begin by the following autumn.

After some initial hesitation the Community has welcomed all three applications, primarily on political grounds. In Greece's case of course eventual full membership was explicitly envisaged in its 1961 association agreement with the EEC. But the Athens Government has relied heavily on another argument which is equally applicable to Portugal and Spain — namely that membership of the Community, with its vaunted attachment to political stability and the rule of law, will provide a solid safeguard that Greece's newly democratised system will be maintained in the future.

This argument has struck a particular chord with countries like Britain and W. Germany, which place a high priority on the maintenance of Western European security and believe that the EEC can play a

valuable rôle in underpinning the cohesion of the NATO alliance. Moreover, memories of Greece's period under the colonels and the turbulent upheavals which followed the fall of the Castano regime in the minds of many EEC governments. An outright rejection of the latest membership applications could, it was feared, upset the delicate political balance inside the candidate countries.

Analysis

A less charitable analysis is that although most EEC Governments were aware that further enlargement would pose serious practical problems, none had the courage to suggest an alternative to full membership for the candidates. When the Commission proposed a special "pre-membership" status for Greece in 1976 the idea was shot down by the Council of Ministers after angry representations from Athens. It was apparently easier to say "Yes" to the principle of enlargement and to leave to later the difficult decisions on precisely how it should be done.

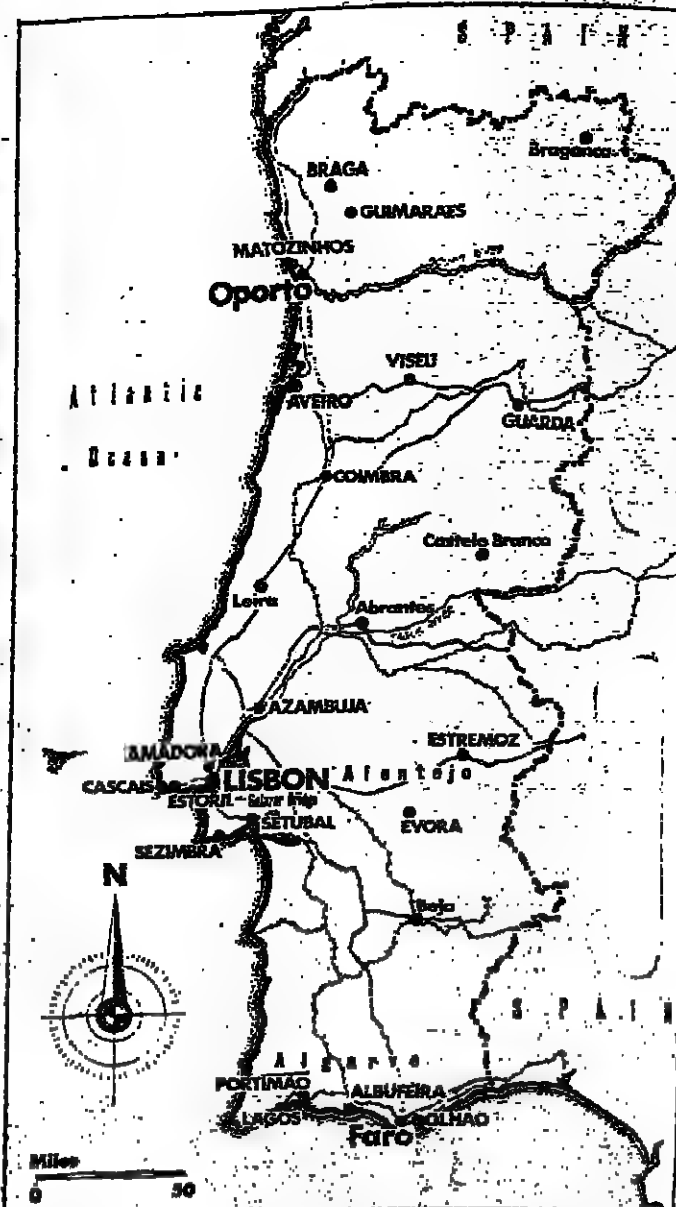
Only now are the Nine beginning to address themselves directly to some of the more fundamental issues involved. But most governments feel constrained by domestic worries over low economic growth, high unemployment and the troubled state of a number of older industrial sectors. It is not surprising therefore that their attention has often tended to focus more on ways of defending vulnerable national interests than on the more far-sighted exercise of trying to ensure that a bigger Community will function as effectively as possible for all its members.

In one sense Portugal's application presents less daunting problems than those of the other two candidates. Spain in particular is likely to be a formidable competitor in the field of Mediterranean products like wine and citrus, and France has already demanded that these should be subject to minimum prices in a 12-member Community. Italy on the other hand wants the EEC to extend to these items an intervention scheme comparable to those for northern European products like beef and milk—a sure way of creating new surpluses. Moreover, Spanish industry is also likely to provide stiff competition in several key sectors, including car manufacturing.

Portugal, by contrast, is heavily dependent on imported food and is expected to provide a modest new market for some EEC surplus products. Its industrial development is severely retarded, and the one sector in which it has enjoyed any significant export success—textiles—is now subject to strict EEC import quotas. Though these will presumably be lifted after entry, the Portuguese are being actively discouraged from making any further large-scale investment for fear of aggravating the crisis in the Nine's own textile industries.

With Portugal's Gross Domestic Product (GDP) equal to only one per cent of the total for the Nine, the country's entry is unlikely to have much direct economic impact on other members. But its backwardness—GDP per head is less than one-third of the present EEC average and only two-thirds that of Ireland, currently the poorest member—will widen further the disparities in economic performance that are often blamed for impeding integration in the existing Community.

The Commission is concerned that Portugal will fall even



institutions and policies are in the enlargement process. Whether the candidate countries will participate in the scheme remains to be seen, and may depend on the amount of resources which the Nine are prepared to make available to strengthen the candidate economies.

One of the most sensitive questions is whether the decision-making mechanisms in the Council of Ministers should be adapted to permit wider application of majority voting. Most of the smaller EEC members favour such a move, and it has also been supported by the Commission. But it is opposed by the bigger countries, particularly Britain and France, which see it as a threat to national sovereignty.

Battle

A decisive battle has yet to be fought over the future of the Common Agricultural Policy, which is unlikely to continue in its present form after enlargement of the Community. Decisions here could have a critical bearing on the role of the EEC budget, three-quarters of which is still spent on agriculture. The economically weaker EEC members would like the budget to become a more effective channel for the transfer of resources, so as to offset the effect of the stricter disciplines to which their entry into the planned European Monetary System (EMS) would subject them.

Their tactics are influenced by the expectation that once enlargement has occurred they will have to face stiff competition from Greece, Portugal and Spain for grants from the EEC regional and social funds. Similarly, advocates of the EMS are pressing to have it in operation as soon as possible, fearing that it could be delayed indefinitely if it became caught up

Guy de Jonquieres
Common Market Correspondent

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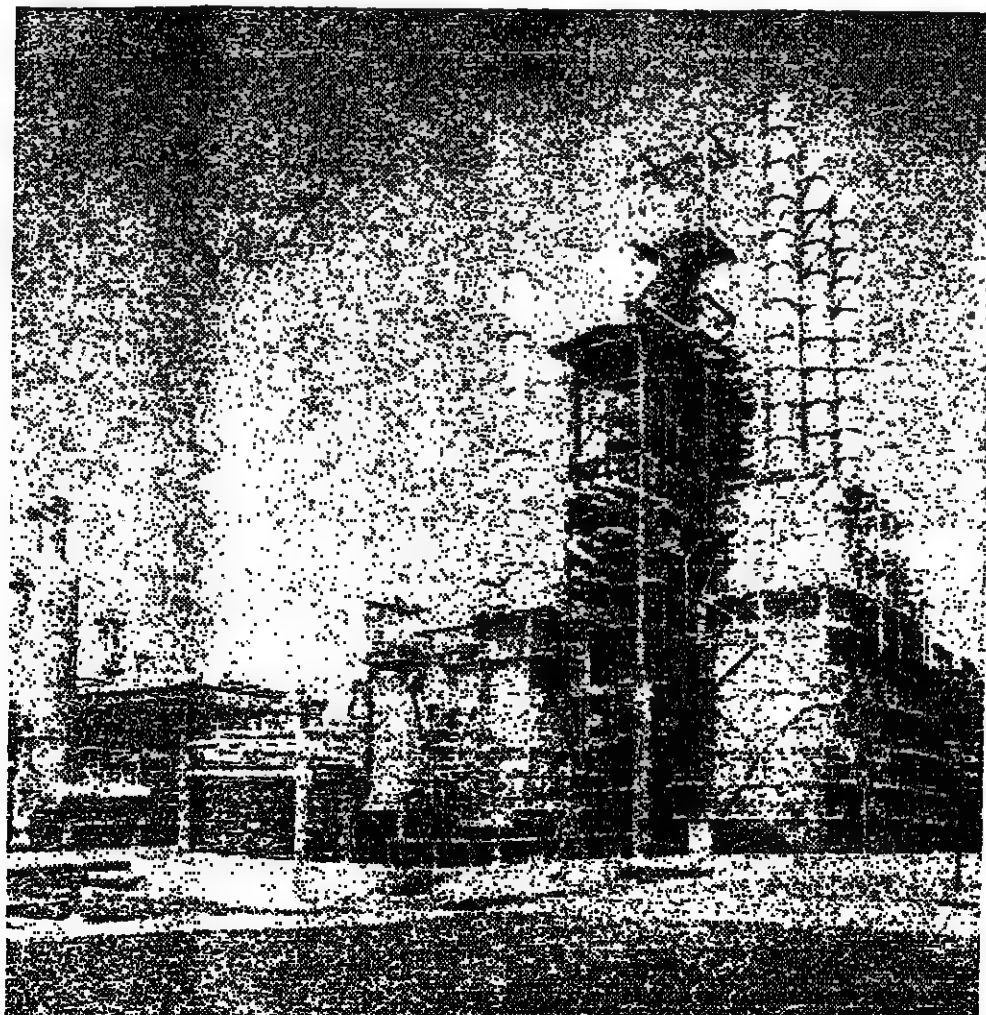
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Tuesday November 14 1978

The ambitions of China

THE PACE at which China has stepped out of its self imposed isolation and into a central place in world affairs has inevitably aroused some fears in the west. A good many of them are misplaced. It is premature as yet, for instance, to be worried that in providing China with sophisticated modern technology we are helping to promote the growth of a major military and industrial power that we will later come to regret. On most criteria China is still a nation in the early stages of development. This is nonetheless an issue of concern to the Russians and one which has come to the fore over the sale of arms to China. In abandoning its opposition last week to sales of military equipment to China by NATO allies, the United States has taken the sensible view that a China whose economic and trading policies are becoming increasingly entwined with the west is different from the China of ten years ago. The west has an interest in promoting such links and this in co-operating with it.

Internal strains

The real worry about China as it emerges from its shell is that it is taking on too much and in too short a time both at home and abroad—and with too little regard either for the internal strains that could surface or for the potential strains in its relations with other states. There has rightly been scepticism in the west as to whether China can achieve the massive ambitious targets that have now been set for growth in industrial and agricultural production and whether it is sensible to move at such a hectic pace against the background of China's intricate structure. Nobody knows the impact within China—a country that has a strong streak of xenophobia—of so many foreign delegations travelling in the country or of so many Chinese being sent abroad to study.

If such fears have largely been put aside in the west, it is because there is a touching belief that somebody in Peking has added up the sums in China's rapid drive for modernisation and weighed the social and political implications. This is almost certainly mistaken. Vice Premier Teng Hsiao-ping, the architect of the present policy twice dismissed

from power for advocating the greater use of western technology. Is an old man in a hurry place in world affairs has inevitably aroused some fears in the west. A good many of them are misplaced. It is premature as yet, for instance, to be worried that in providing China with sophisticated modern technology we are helping to promote the growth of a major military and industrial power that we will later come to regret. On most criteria China is still a nation in the early stages of development. This is nonetheless an issue of concern to the Russians and one which has come to the fore over the sale of arms to China. In abandoning its opposition last week to sales of military equipment to China by NATO allies, the United States has taken the sensible view that a China whose economic and trading policies are becoming increasingly entwined with the west is different from the China of ten years ago. The west has an interest in promoting such links and this in co-operating with it.

Western fears

The same picture of a nation over-extended is apparent in foreign affairs and defence. Parallel with the headlong dash for industrialisation, China has stepped up its campaign against the Soviet Union and is embarking on a large programme to modernise its armed forces. Through Chairman Hua Guofeng's visits to Yugoslavia and Romania this summer, it has provocatively carried its challenge to the Soviet Union into what the Russians regard as their sphere of influence. Fearful of being encircled by the Russians it has embarked on a movement to outflank them by extending its influence in South East Asia, the Middle East and Africa.

On the West's part, there is again the same temptation to believe that the Chinese know what they are about. Almost certainly this is too generous a judgment. After years of isolation their knowledge of the outside world is limited as is their capacity to judge the repercussions of their actions. In Vietnam, for instance, they have certainly helped press the regime further into the Russians' camp.

While China remained out of the world, the West's interest in how it managed its affairs was largely academic. The more closely it is involved with western economies, the more the West has to lose from a repetition of the type of convulsions that marked the Cultural Revolution. At the same time the more active China's foreign policy, the greater the anxiety in the West that China treads with caution. The West has nothing to gain from precipitate Chinese action that triggered off a Sino-Soviet conflict or a war in Indochina.

Mortgage rates back in line

THE RISE of 2 per cent in mortgage rates announced at the end of last week seem to be regarded by most observers as deplorable, and by the building societies themselves as purely temporary. Both views are, to put it mildly, arguable. It helps to put an end to a regime where mortgage rates have been held down, largely for political reasons, with results which have injured both the depositors — the great mass of low income savers — and the housing market. It is more reasonable, then, to hope that rates, having at last been raised to a possibly realistic level, will now be kept there.

Two motives

The Government, it is true, has had two motives for interfering in building societies affairs in the past year. The most important, it can hardly be doubted, was the usual political sensitivity over mortgage rates (especially since they not only affect mortgage holders, but also the prices of houses). It was also argued, however, that a sudden increase in mortgage lending would simply drive up house prices without stimulating building, so that it would be reasonable to control the rate of growth of lending.

Since lead times in the building industry are long, a case could indeed be made for building up a reserve of loanable funds earmarked for new construction, but this is not what was done. The societies were simply asked to limit their lending. They consequently took no action when the flow of new savings abated, so that by now the restraint on lending is self-imposed. The funds are not there.

The final result has favoured nobody except existing mortgage holders, who already enjoy more than adequate financial privileges. House prices were not checked, for the good reason that they have more to do with incomes and interest rates than with the total sums available. Construction, which revived only marginally, has now fallen back to the point where the forecast level of completions next year may well be as poor as in the slump year of 1977. Savers have continued to suffer capital erosion, despite the

Incentive

Prices have for the moment reached a level which has restored the incentive for developers to build, but for the moment building is depressed by the evident scarcity of funds. If this white cycle is not to be repeated, the societies should be allowed to charge whatever rate is needed to finance the demand for house loans. If the Government is politically worried about the level of rates which results, it should respond — to the benefit of industrial as well as of housing investment — with fiscal policies which will produce a better balanced credit market.

Iran's economy comes down to earth with a bump

By ANTHONY McDERMOTT in Tehran

THERE have been few more ironical scenes in the past week in Tehran than the queues of people, either in cars or on foot, carrying plastic containers outside petrol stations, patrolled by the army, for jerrycans inevitably ran high. Tehran is after all capital of one of the world's biggest producers of crude oil. The petrol crisis has eased since, and it was partly self-created, for Tehranis reacted much as Britons did in the winter of 1973—with panic. At the height of the apparent shortage as many as 200 cars could be counted outside petrol stations in some parts of the capital. This sight illustrated dramatically that Iran's economy is far more vulnerable than the billions earned from oil would have suggested; and that its rulers had never established a proper order of priorities.

Iran's economy has been doing badly for some time, but the past months' civil disturbance and strikes. The effects of the oil cutback and strikes radiated into every linked sphere of the economy, affecting revenue, transport, industry, foreign confidence, the budgetary deficit and inflation. It has forced on the government a wholesale reappraisal of almost all projects, and of its economic strategy, with the long term effect of making it more of a Middle Eastern country rather than the instant modern state, which the Shah attempted to craft on, in one rush of spending, western technology and industry.

The desperate uncertainty of the political situation is likely to deter virtually all investment — foreign and domestic — and discourage banks from lending. Given even the most optimistic of calculations, Iran is in for two to three years of poverty, compared, that is, with the heady years of spectacular growth between 1974 and 1978 fuelled by the leap in oil revenues after the 1973 Arab-Israeli war. But if there is something to be retrieved from these dire circumstances, it is that during this coming period, Iran's economists may be able to eradicate most of the politically dangerous distortions and illusions and enable the economy eventually to reach a more natural level.

At the heart of Iran's economic problems is the catastrophic drop in oil production. Up to October 2, daily production this year had averaged 5,736,000 barrels/day (reaching 6,074,000 b/d in the Iranian month ending October 23). Income for this year was expected to reach \$US 20.7bn. However, since the end of October production in the Khuzestan fields in the south west has nosedived to an average of 1.5m b/d, on some days reaching only two-thirds of that. These oil fields

are run by a 11-member western consortium (in which BP has a 40 per cent share and Shell 14 per cent), known abroad as Iran Oil Participants.

The minimum domestic requirements, leaving nothing for exports and including crude for refining are 850,000 b/d. But there was no more oil to be produced this month and next. Income could fall to \$US 17bn. In general terms so far the immediate effects have been confined to the postponement of new exploration, and production is being restricted to the easiest wells so as to avoid danger.

It is apparently the solemn intent of the newly-appointed military Government under General Gholam Reza Azhari, the chief of staff, to restore order and to hand government back to civilians. But to most observers this already looks increasingly unlikely — if violence continues in the streets, and as long as the opposition factions are hopelessly divided or under arrest.

Loans and credits

The balance of payments will deteriorate. As well as receipts from oil falling from a projected \$20.7bn for 1978-79 to \$17bn, on the basis of the equivalent to a two months drop in oil exports, non-oil exports will also continue to fall. While imports are also expected to decline to some \$18bn from a projected \$21bn, a current account deficit might be expected of about \$3bn. Anticipated levels of loans and credits is also likely to be hit.

While the political uncertainty persists, Iran must be regarded as an extremely bad risk, and such lack of confidence has been echoed by Iranis themselves. In the last six weeks they have made withdrawals amounting to as much as 10 per cent of local banks' liquid assets and have transferred in private capital about \$1.5bn since the end of June. A Bank Mellat which acts as a secondary central bank has recently imposed ceilings of \$50,000 per person every six months. In short, even if the outflow of funds is stemmed as overall balance of payments deficit for 1978-79 is likely of between \$3bn and \$4bn.

Iran's economy has also been racked by a vast range of strikes not just confined to the crucial oil sector, but affecting public services, rail and air transport, telecommunications, civil servants and schools. Bank Mellat has been badly hit and is therefore unable to provide credit and foreign currency to industry for example, already crippled by urban disorder.

As a result much of the industrial sector has been affected and is unable to obtain finance for current operations

let alone longer term investment. The combination of the cutback in oil production — nearly 70 per cent of Iran's energy comes from this source — and the lack of funds has meant that on average industry is working at between half and two-thirds capacity.

The strikes have taken their toll in another way. In the hopes of heading them off and preventing them from becoming the political protests they are now, the Government tried to satisfy the workers' demands. It has been estimated that pay and benefit increases in the private sector amount to a 12.5 per cent rise, and this will cost between 100bn and 150bn rials (\$724m and £1.09bn) this year.

The budget deficit, already large, is bound to increase still further. To try to cover this the Government printed in September and October 30bn rials in notes to compensate for the withdrawal of funds from banks. Inflation which according to the somewhat dubious consumer price index compiled by the Central Bank had been gradually declining to 7.3 per cent a year in August-September (mainly because of falls in the costs of housing and fuel) is thus bound to rise partly because of increased spending power and shortages of staple consumer goods. If stoppages continue at the ports and customs posts, it could soon be about 30 per cent a year according to a consensus of estimates. Perhaps in the short term the only resort available to the Government is to draw on its foreign exchange and gold reserves which remain quite substantial at about \$10bn.

Iran is thus being forced to reconsider its economic priorities and projects in a big way. The process of reassessment had begun during the 12-month premiership of Dr. Jamshid Amouzegar, who was replaced by Dr. Jafar Sharif-Emami in September. Initially the former had asked for most major projects to be extended, and new ones to be considered carefully. During the ten-week government of Dr. Sharif-Emami a more formal stocktaking was undertaken, mainly by the Planning and Budget Office, and accelerated after Black Friday, the bloody clashes in Jaleh Square in Tehran on September 8. This has not been published yet, and its fate in the hands of the military is as yet unknown, but it is reasonable to assume that this government and any successor would stick to the new more realistic criteria for spending projects.

First, any project not essential to the running of the country is likely to be postponed indefinitely or even dropped. Secondly, more money is to be spent on housing and social welfare (imposing of necessity cutbacks elsewhere to provide the cash). Third in those industries, such as refin-

STATUS OF IRAN'S MAIN PROJECTS

PRIORITY	
Housing:	
IGAT-2 Kangan-Astara gasline:	
Gas gathering project in Khuzestan fields and secondary recovery programme:	
Oil fields exploration and development (slightly held back by strikes):	
Nine power stations:	
Sar Cheshmeh copper plant (almost complete for blister copper; money allocated for development to produce pure copper):	
Tehran Airports:	
Electricity transmission lines:	
GOING AHEAD BUT DELAYED OR MODIFIED	
Steel projects (perhaps slowed to concentrate on domestic rather than export demand):	
Refineries: second Isfahan refinery to go ahead for internal demand; Bandar Shahpur on stream next year.	
CUT BACK	
Defence infrastructure and purchases:	
Nuclear projects — only four out of 24:	
Highways: motorways reduced in size, concentration on feeder roads and essential links with ports:	
Telecommunications programme (especially orbiting satellite plans):	
MARGINAL	
Tehran Metro: work started on first line of 2.7 kilometres; Shahrestan Pahlavi — new town in north Tehran.	
POSTPONED OR SHELVED	
Electrification of railways:	
Kalings LNG plant:	
Abadan aromatics plant:	
Abadan huboil plant:	

ing, where there is an overlap between meeting domestic demand and providing exports to uncertain international markets, the emphasis will be put more on the former than the latter with the result that some projects will be developed more slowly.

Thus projects in the oil and gas sectors — notably the long term \$9bn gas gathering project in the Khuzestan fields, the desalting plants (short of a few elements) and IGAT-2 — the second gas pipeline to Russia — are going ahead, almost on schedule. IGAT-2 is an interesting example of how even a top priority project, which will not only earn foreign currency but also supply gas for the home market, can suffer from political events. The pipeline is being constructed in three sectors, the first from Kangan — a suburb of Isfahan by SAIPM — a subsidiary of Italy's ENI — the second as far as Qom by a consortium of Iranian, Polish and French companies, and the final section by a Soviet company. Williams Bros. International and MEC are in charge of procurement, inspection and project management under the name WILMEG.

Construction began in March this year and has been unaffected by the Government's policy of slowing down projects. Its costs were put at \$3bn (of which the line itself cost \$1.75bn). But it is an indication of how costs can escalate that in January 1977, the whole project was estimated to cost \$2.4bn. The real proportion of IGAT-2's costs is \$1.25bn, and as this proportion will be more exposed to inflationary pressures, the costs of the pro-

ject — assuming a 30 per cent rate of inflation — will have risen by the end of the year to about \$3.4bn.

There have been difficulties other than those of escalating costs. The project has stocks of steel from the Ahwaz steel mill and is sufficient for several months in spite of a fortnight's strike at the mill, but customs strikes at the Turkish border and congestion and strikes at the port of Bandar Shahpur on the Gulf (the entrance for 80 per cent of imported materials) together with oil shortages at Shiraz affecting lorries distributing materials, have, according to computer projections, affected the long term schedule so that the contracted deadline for the first deliveries of gas to the Soviet Union on January 1, 1980, is severely endangered.

Defence cuts

Two major and strategic areas are undergoing extensive changes as a result of the austerity imposed on the economy. The first is defence which absorbed about 34 per cent of the budget in 1978-79. Inevitably with a military government in power, some cuts might be reduced, but it is accepted that the purchase of seven early-warning aircraft (AWACs) each costing \$250m has been dropped and also less sophisticated fighter aircraft will now be purchased with a saving — though little of it in the present year — of \$2.9bn. Secondly, the nuclear programme has now been cut back from 24 units to four — an overall saving of between \$35bn and \$40bn — two being built by

Kraftwerk Union of many near Bushire, Framatome of the Dargou, south of Al.

In the steel sector, construction of the Soviet-built Isfahan is continuing. It could well be prolonged, as the Government weighs comparative merits of money by importing steel is expensive to produce against continuing with project which would be the industrial base of the country. But the targets are way behind planned — 600,000 tonnes against 2m tonnes/year.

The project for copper production at Sar Cheshmeh, Kerman, is very near completion and by the end of the year will be capable of producing blister copper at the rate of 145,000 tonnes/year. But under discussions, which will lead to this project being stretched, is the question of building a smelter for the production of pure copper. Money has been allocated for such additional considerations as the world price of copper may result in delays. In any case, the delays indicate further complications in stringing projects. For as has been seen with IGAT-2, escalation in the Sar Cheshmeh case, the project was originally due to come on stream in 1979, but it is now estimated to cost \$250m. As a result, it has increasingly been trying to obtain fixed-price contracts, these will be harder to get in future, until such time as there is stability in the country, and the Government has made plans to prioritise the economy.

Otherwise such schemes as the grandiose Metro project in Tehran could well be halted. Surprisingly, it seems that the building of a new town in north Tehran — Shahrestan Pahlavi — likely to go ahead in spite of opposition from the municipal council. However, such other projects as the extension of the grid system and the building of super highways are likely to be cut back.

In retrospect, the policy is that the Iranian Government, particularly the late Ayatollah, was so blinded by the influx of wealth — the result of the 1973-74 oil price rise — that it was lulled into a false sense of security. The apparent possibilities of increasing Iran's income and standing in the world, the industrialisation was seen at so fast a pace that the social side effects were ignored. Waste and corruption on an enormous scale has occurred and it has taken considerable time to bring home to some of the institutions of trying to bring in and impose over them a period of a whole generation of Western technology, and used for a substantial re-evaluation of future projects.

MEN AND MATTERS

Passing up the pie in the sky

LATA. You could say, has become a salesman's dream. Some years ago the annual meetings of the International Air Transport Association were known brusquely to turn away manufacturers' representatives. But now times have changed. The Third World's voice is increasingly heard in the organisation and many of the heads of smaller airlines not merely expect to see manufacturers but themselves come to the meetings to discuss business.

Geneva's bars and restaurants are now rejoicing in this fact. As are the U.S. manufacturers. The latter has been winning and dining big and small, from three-plane lines to the presidents of some of the biggest airlines in the world. Even members of LATA's own executive committee have been spotted on the arms of the Americans at this week's meeting.

But where, oh where, had the bonny British gone? The answer, sadly, was nowhere. British Aerospace told me that it has "no evidence that any-

one has gone to LATA or is going." Why not? "I was afraid you would say that," came the answer. That, spokesman then stressed how the company "was extremely active with the airlines day by day, week by week," that this had been Farnborough year and that it had dealt with many gatherings. But the spokesman added ruefully: "Not to be present at any major gathering may obviously be a missed opportunity. I cannot deny that."

I was told that the company is very active in Romania and Japan with its 111s and has sales teams all over the world for its model 146 feeder-liner. It is also to enter the Airbus consortium on January 1 and thought that Airbus might be at Geneva this week. In fact, Airbus is absent.

While Boeing, Lockheed, McDonnell-Douglas, and General Electric do their Geneva rounds, another British firm conspicuously absent is Rolls-Royce. This firm told me that it understood the main purpose of the LATA meetings was to discuss fare structures and that it had not considered it "appropriate" to attend. Next year? "I cannot answer. It is not our style," a spokesman told me. Might changing style help exports? I asked. "I don't know. We will have to think about it."

Mark two

It is rarely remembered that it was the British police who "resuscitated" the police forces of liberated Europe in post-war days. Even less known is that the man in charge of that operation was also responsible for black box which lights up red, such UK innovations as radar amber or green when breathed traps, panda cars, personal into by the would-be drinking police radios, underwater police driver. At around £40 it is and "women policemen." That claimed to be the cheapest at least is the claim of Sir Eric usable test.

St. Johnston. But while he says that his European activities me, but at the "lunchtime diversion" great fun "he seems to have had a tougher task in the past 1960s when he set out to

resuscitate Britain's own police structure.

The phrase panda car apparently came from the comment of one police mechanic on being told to paint a police car: "Have you heard the latest crazy idea of the Chief's? They look like wretched pandas." This is only one of the anecdotes which St. Johnston, who has just published his autobiography, has to tell of his experiences which included terms as chief constable of Oxfordshire, Durham and Lancashire.

His more controversial role was when he became HM Chief Inspector of Constabulary for England and Wales and was asked to see through the re-grouping of Britain's 126 police forces into the present 11. Never a shy man, he tells me that he told Roy Jenkins that he would like to be considered as Commissioner of the Metropolitan Police in the mid-1960s. In fact he was passed over and was too old when the post became vacant and Sir Robert Mark was appointed in 1972. Now he admits that his knowledge is out of date but comments dryly on Marks' attacks on the decline of police protection: "It is probable that he has overstated the case."

Battle of the box

The season of mists and heavy drinkin approaches, and with an eye to the Christmas spending spree the firm Alcocheck mounted a timely liberated Europe in post-war days. Even less known is that the man in charge of that operation was also responsible for black box which lights up red, such UK innovations as radar amber or green when breathed traps, panda cars, personal into by the would-be drinking police radios, underwater police driver. At around £40 it is and "women policemen." That claimed to be the cheapest at least is the claim of Sir Eric usable test.

It sounded fairly innocuous that his European activities me, but at the "lunchtime diversion" great fun "he seems to have had a tougher task in the past 1960s when he set out to

it in turns to slate the little box.

Your client is pie-eyed before he even starts," accused one. The presence of a road safety officer and the author of a book called The Truth About Breath Tests to extol the box's virtues, the discussion had a fiery tone, helped perhaps by Alcocheck's dispensing of the necessary preliminaries for a meaningful test. But even outside the confines of this lunchtime discussion, the box and its ilk seem to have few friends despite claims that it is very accurate if used correctly, and no more encourages excessive drinking than a speedometer encourages speeding.

The R.A.C. was worried about drivers being "lulled into a false sense of security." The Department of Transport pointed out that alcohol was only gradually absorbed into the blood. Half an hour after the test, and perhaps a gin and tonic later, the alcohol level could well be 10 or 20 per cent higher.

Only at the Home Office was there some support for machines, but of a quite different kind. It is evaluating the results from testing three different U.S. devices costing about £1,000 each which measure alcohol levels to a high degree of accuracy. If the 1976 Blenner Hasselt project is implemented these will eventually seal the fate of the 50,000 motorists who are prosecuted each year. At present it can take up to 12 months for the medical evidence to be assembled, but if the machine is given radar status an offending driver could find himself in court even before his hangover has worn off.

On command

Seen planned to the coat of a violin-playing busker in a Kensington street: "Playing here by special request of people elsewhere."

Observer

LOTHIAN

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The Lothian Region, with Edinburgh at its head, has a formidable roll call of satisfied industrial customers. On industrial estates owned by the Lothian Regional Council are now 178 thriving companies with 12,000 employees.

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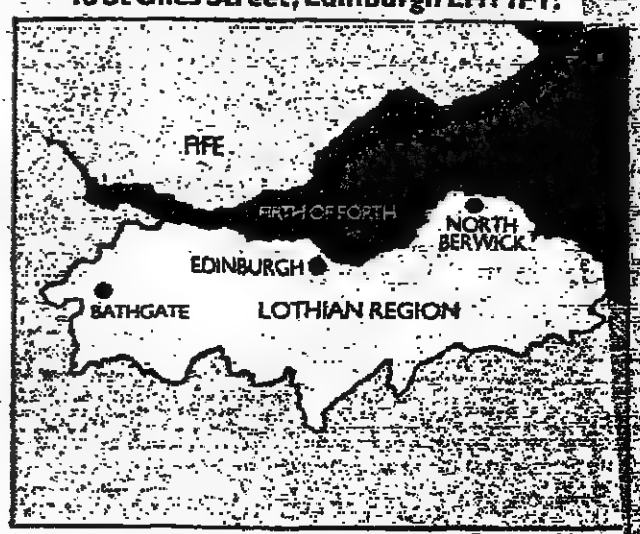
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DEVELOP WITH THE LOTHIAN REGION

مكتبة لوتيان

Some car operations 'at risk beyond recovery'—Michael Edwardes, chairman, BL

Crash course for BL at Drews Lane

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

APPROACH of the U.S. rebel toolmakers at SU Fael terms and necessary freedom of action for unpopular decisions.

Perhaps his most significant gain was to free the company from the "good behaviour" clauses under which the release of state finance was conditional upon performance. Once broad programmes have been given approval by the National Enterprise Board and Parliament, it is for the BL board to take the commercial decisions.

The chairman's position is also enhanced by the fact that the Government can detect political advantage in taking a strong line on Leyland: the continued failure of the state-owned concern to take advantage of its opportunities has eroded public sympathy for the workforce, and increased support for pay restraint.

Perhaps the best indication of the commercial freedom that Mr. Edwardes has won for himself was the decision to close the Speke assembly plant on Merseyside, with the loss of 3,000 jobs. Such a move in an area of high unemployment and labour support for the Labour Party was regarded as unthinkable by a number of Mr. Edwardes' advisers.

Few shop stewards believe Mr. Edwardes would meet with any government interference in his proposals. The trade unions within a state-owned company find themselves confronted by an employer who can not only threaten an investment freeze and a cut in jobs but can also draw authority from the Government in support of his 5 per cent pay offer.

It is against this negotiating background that the walk-out by 3,500 at Drews Lane should be viewed. The dispute represents, admittedly in an extreme form, the issues confronting Mr. Edwardes in raising UK productivity levels to those of continental competitors: the problem of the wildest strike and the legacy of slipshod work practices.

Management presented the broad details of its proposed pay deal to shop stewards at 10 am more than a week ago. By 3 pm the same day, and before any explanation of the benefits on offer to the workforce had been possible, a somewhat confused mass meeting voted to walk out next day.

The reason why the Drews Lane men "walked" at a time when the big plants like Longbridge and Cowley were prepared to consider the company's offer owes something to tradition. Because of its strategic role as a supplier of a wide range of components, particularly suspension and steering systems, the factory has always exerted considerable muscle at Austin-Morris. Within days of the last big strike there in 1974, management conceded the workers' demands.

There was a clear, if somewhat naive belief among some Drews Lane stewards that Mr. Edwardes was susceptible to pressure. The fact that the stoppage has had such an immediate impact upon production is in large measure due to a series of disputes during the past two months.

Production workers at Drews Lane found that under the "measured day work" system of payment introduced 10 years ago, it was possible to perform

the allotted tasks comfortably within the eight hour day and go home anything between a few minutes to three hours early.

In recent weeks management has cracked down on abuses of the system and it claims that the plant was working "almost normally" before the walkout. The fact that such practices existed, however, is a serious indictment of the way successive BL managements have operated the day work system.

In theory, industrial engineers—better known as "the time and motion men"—carry out an objective measurement of how long operations should take and payment is made accordingly. In practice, however, shop stewards tend to intervene and haggle about the price for the job much as under the old piece-work system of payment. The fact that some groups of workers were able to complete their duties up to three hours before the end of the day is an indication of how far weak managements were prepared to compromise about standards in a plant known to be crucial to production schedules.

Mr. Edwardes has warned the workers that a strike lasting half as long as the current six-week stoppage at Ford Motor could put a large part of the car operations "beyond recovery". Hopes of ending the Drews Lane dispute must rest with the leadership of the Amalgamated Union of Engineering Workers: the Birmingham East District Committee has already instructed the men to return to work. Failure to get official backing for the dispute is bound to increase unrest

among those members who felt the walkout precipitate. Collapse of the Drews Lane strike would be a serious blow to the militants and make it very difficult for shop stewards at plants like Longbridge and Cowley—who have adopted a more circumspect response to the company pay offer—to stage similar action.

The length of the stoppage will be crucial to the damage inflicted upon the company. Jaguar, Rover, Triumph (JRT) is less dependent upon Drews Lane and may not be affected for another week or so. Many dealers report that BL stocks are currently higher than for several years and that the dispute, provided it is settled quickly, should cause no serious problems. The principal BL fear is that publicity surrounding the strike will damage confidence among customers and distributors which is already fragile.

Most groups

Management must hope that any disruption will be confined to Drews Lane because the pay package on offer is tailored to meet the aspirations of most groups of workers. In addition to the 5 per cent annual wage increase, most employees will also receive "parity" payments back-dated to the beginning of this month. The programme to achieve parity—the same wage for the same job regardless of plant—by November 1 next year must be self-financing and the company is therefore seeking 7,000 voluntary redundancies.

For Drews Lane the 5 per cent plus a parity payment would mean an immediate increase for production workers

of nearly £8 a week to £79.95, and for skilled men a rise of £3.50 to £85. The benefits available to skilled workers under the parity programme should do much to erode support for the militant campaign led by Mr. Roy Fraser and his unofficial Toolmakers' Committee. At Longbridge and Cowley, plants with large toolrooms, skilled men will get an immediate increase of around £10 a week.

Much public attention has focused upon the militant noises from stewards at Cowley and Longbridge in pursuit of demands for increases well over 30 per cent. But as they are two of the lower paid plants they stand to gain most for production workers of around £8 a week. Nor will the top rate factories, such as Jaguar and Triumph, at Coventry, lose out: the company's proposed new five-grade pay structure should ensure additional increases of around £2 a week for many workers.

Details of where voluntary redundancies will be required and how performance must be improved in order to finance parity are now being circulated within plants. Mr. BU McLean, BL cars employee relations director, has stated firmly: "We want to pay more but any increase has to be earned. But we make no apology for that."

There is likely to be no shortage of volunteers to leave. The problem, as Leyland discovered in the past, is how to get the workers who remain to produce the same volume of vehicles. The company will monitor progress and hopes to be able to make the parity payment before Christmas. Many shop stewards do not share management's confidence and are pointing out to workers that tempting as the pay package might be, it is conditional upon a level of performance yet to be achieved.

The prospect of still higher earnings has been held out by the company under its proposed incentive scheme. This could yield up to £15 a week for a 20 per cent improvement in performance. But the price management is demanding for the deal seems likely to prove too high for shop stewards in their present mood. The company is saying that if there is parity in pay then should also be parity in effort: industrial engineers should be allowed to begin to standardise work measurement throughout all 96 factories.

At the moment, as at Drews Lane, standards vary widely between factories. Many shop stewards believe that once industrial engineers are allowed the proposed degree of authority, their own ability to haggle about the speed of the job will be lost and with it their power. Mr. Edwardes and his team are taking a tough line, but they are aware that they are only just beginning to approach the fundamental obstacles to improved productivity in the British car industry.

Ambitious plan

The strength of Mr. Edwardes' present negotiating position derives less perhaps from the response at his disposal than from the circumstances under which he took control. By November last year it was obvious that the ambitious expansion strategy drawn up by Lord Ryder after the collapse of British Leyland in 1975 was in tatters. Prospects of the cars division retaining its 30 per cent share of the UK market and an annual output of 1.2m vehicles had receded, not just as the result of labour problems but because of the lack of new models, and of poor management and under-investment during the previous decade.

For the Labour Government, anxious to distance itself from the Ryder Plan which it had previously backed, a management reorganisation presented the ideal opportunity for a change in direction. The difficulty in finding an executive with the seniority to shoulder the unenviable task of British Leyland gave the advantage to Mr. Edwardes in negotiating for himself the

Letters to the Editor

A market for steel tubes

in the Projects Manager, *Iron and Steel* Industries.

Mr. I have been most interested to read in *Engineering* (November 8) how the iron and steel trade confederation considers the planned expansion by Natural Gas Tubes of its making capacity in South Wales to be a threat to its members' jobs at the British Steel Corporation's tube works at By. Mr. Homewood, a representative of the ISTE claims that Corby plant is only working 35 per cent of capacity. Meanwhile BSC is estimated to supply 10 per cent of the market for tubes with the remaining material coming from abroad.

My reason for my interest in this matter is simply that at the beginning of August as the first ration in building a new factory we and our steel work contractor set out to purchase the steel we required. I, though slightly not our contractor, was somewhat surprised to find that BSC could not supply all the natural steel tubes that we required from its unemployed plant. We were forced to purchase our 220mm diameter tubes from stockholders at a premium price. We were unable to satisfy our relatively modest requirements for 168mm diameter natural tube from any available source. We are thus forced to wait nearly three months until the steel that we need is produced by BSC's Corby plant. It is a pity that the Government is pressing industry to build new plants and buildings and it is incredible that there is no common steel stock from our nationalised steel industry. While our contractor's architects believe that the tunnel with whom we deal at are doing everything in their power to be interested to hear from Mr. Homewood a representative with some authority from BSC Corby why he should be any delay in every at all.

W. Schumann, *Wak Industries*, *Wen Way*, *Wen Way Industrial Estate*, *Wen Way, Norfolk*.

Closed shops

From Mr. M. Greener.

Sir—Might I challenge the statement by Mr. S. P. Best (Nov. 9) that unlike the trade unions, the "closed shops" do not operate closed shops and "the ranks are open to any of the requisite character and ability (whose) fitness to practice is acknowledged." As he admits, this "fitness" is determined by very many years of study and the passing of very arduous and demanding examinations. What he does not add is that in many professions, as in my own as a member of the Institute of Chartered Accountants, continual membership is absolutely dependent on the payment of very high annual subscriptions.

It has always seemed to me to be totally unreasonable and a quite serious denial of the democratic principle (Mr. Best's "Freedom under the Law") that having satisfied examiners of one's proficiency in a defined field and paid the entrance fee demanded in addition to the annual subscriptions, those who, like myself, use the knowledge acquired in training in areas outside those accepted by practising accountants, cannot use the letters designating recognition of proficiency unless we continue to pay out large sums of money annually to a governing body whose services we do not require. If I do not pay up by a certain date in any year, I shall be "struck off" irrespective of whether or not I have committed any offence in breach of professional duties. If this state of affairs is to be distinguished from the "closed shop" to which Mr. Best objects, it can only be achieved by semantic gymnastics to which few could honestly subscribe.

Michael Greener, *9, Romilly Park, Barry, S. Glam.*

No seat at the cinema

From Mr. D. Houston.

Sir—Nigel Andrews, in his article (November 10) on the London Film Festival, suggests several films which he labels as "required viewing"—I only wish it were possible to view them.

I have been a member of the National Film Theatre for very many years but in 1976 and 1977 did not manage to purchase one ticket for any film of my choice at the festival even though I had asked for single tickets at a wide selection of films.

This year, being a very great fan of Borowczyk, I thought I would be clever and ensure at least one ticket by only asking for a single seat at his film "Behind the Veil"—for the third year running my cheque was returned with a polite regret notice. How can "required viewing" be implemented?

D. L. Houston, *The Bungalow, 38, Oakhouse Road, Bezzel Heath, Kent.*

Freedom under the law

Mr. G. Wolf.

The letter from Mr. Best, *Chairman of the British Legal Association* (November 9), is interesting. I am sure most would agree with him in majority of his remarks on freedom under the law, but there are three small points which I would like to make.

The idea of the craft guild as a good thing is questionable. Craft guilds were bigger for better monopolies and less protected by members' guild. Although there is an attempt to prevent competition monopolies forming in the UK, the forming of trade monopolies is encouraged and is continually hearing there are too many small unions and there should be one or two big ones. Unity from the general law, Best alleges trade unions are a sure part of that law, a paradox which can only be resolved by a change in law.

On the tone of Mr. Best's letter, I assume that he and the British Legal Association campaigned strongly in

Transport in London

From the *Greater London Council*.

Sir—It seems a little surprising that Nigel Seymour (November 9) is calling again for a balanced transport programme for London should ignore that (in the planning stages at least) it now exists.

He does not much like the rail tunnel proposal for Woolwich or the completion of the Jubilee Line through docklands; he even questions whether the first can stand on its own, although I can assure him that it does—in terms of planning, transportation, and finance.

What he misses is that the Greater London Council's road and industrial assistance programme over the next 15 years contribute to ELB and the public transport programme (excluding the Jubilee Line) to a little less. This strikes me at least as being a reasonable balance.

The roads programme includes many of the improvements in docklands that he puts forward. What it does not and will not do is to cater for massive inner city road building (at motorway standards, perhaps?) which I suspect is what he wants to see.

If the Jubilee Line is taken out of docklands strategy the whole plan falls apart, years of work are wasted, and millions go down the drain. I am not prepared to allow people who can discern only the individual strands and not the pattern of the whole thread to sabotage the greatest social and economic opportunity London has ever had in modern times; I will therefore continue to oppose the "roads at all costs" brigade.

Horace Cutler, *Country Hall, SE1.*

Changing jobs

From Mr. J. Donovan.

Sir—A further slant to the problem of transferring pensions. An employee may become redundant, and there may be no company to receive his funds. If he is an older man he may not find employment, or he may not be able to secure pensionable employment. Or he may set up on his own.

If he should die before retirement age, or before making a transfer, his beneficiaries will receive the stock that only part of the transfer value falls into his estate. The previous employer will receive a quite unexpected return of "benefits"

Symmetry of obligation

From Mr. J. Richardson.

Sir—If pay policy is to be "enforced" by the application of some kind of government sanction on the employer, it is clear that the ultimate sufferer from such punishment is the ordinary shareholder. I do not suggest that he has any special ground for complaint about this—"his" management must do its best for him in conditions as they are, and if continued production with sanctions is the better option, then management is entitled to choose it. Even a coercive bargain, however, has to have two sides to it. Why is there no corresponding penalty on union funds when their managements break the same guidelines? Symmetry of obligation is after all the name of the game in another context.

J. P. Richardson, *Humphrey's End, Rectory Lane, Stevenage, Herts.*

Thirlmere and Haweswater

From Mr. A. Hughes.

Sir—Mr. R. Campbell (November 10) refers to the rights of "lovers of the Lake District" in his plea for recreational facilities on and around the lakes of Thirlmere and Haweswater.

I wonder if he fully appreciates how all the facilities, such as car parks, restaurants, tea, bar, zodiacs, toilets, snack bars, souvenir shops, caravan sites and litter bins, would automatically proliferate if the two large and centrally situated lakes were to be made available in the way he suggests.

Fer too many people seem to proclaim themselves as "lovers of the Lake District" while, albeit unwittingly, constantly eliminating the natural life, sights and sounds of this beautiful part of England.

A. N. E. Hughes, *Sunny Rec, Windermere, Cumbria.*

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COMPANY NEWS

Improved trend continues in Unilever's third quarter

THE IMPROVING trend which became apparent at Unilever in the second quarter of 1978 has continued in the third quarter. Total pre-tax profits in the third quarter are ahead by 18 per cent to £112.1m and follow a second quarter gain of 13 per cent. Together these rises have offset the downturn in the initial quarter leaving the taxable balance for the first nine months 6 per cent higher at £407.6m.

In Europe, results from the edible fats, frozen products and detergents businesses were again well up on the corresponding quarter, the directors report.

In the face of poor demand and quiet preparation results were lower than in 1977. On the industrial side results from chemicals showed an improvement, but paper plastics and packaging were lower. Animal feeds did well.

Partly reflecting heavy adver-

ising expenditure, total North America results were below the 1977 quarter. National Starch figures have been included from August 15, making a worthwhile contribution.

The directors state that the UAC International group again achieved good results. Associates continue to make a satisfactory contribution but less favourable economic conditions in Nigeria are beginning to show their effect.

Elsewhere overseas sales and profits continued to be very good with significant contributions from detergents, edible fats and toilet preparations. Combined external sales in the third quarter showed an increase of 4 per cent to £2,490m—of this increase about 6 per cent arose from greater volume. Total sales for the first nine months emerged 6 per cent better at £7,265m.

Third quarter attributable

profits show an increase of 21 per cent to £121.2m while for the nine months they came out 8 per cent ahead at £312.1m—split as to £110.4m (£109.5m) and £111.7m (£103.5m). Earnings per share of capital are stated at 37.1p (£32.6p).

Unilever Limited and Unilever NV have declared interim dividends of 8.32p (£7.84p) and Florins 3.44 (same) respectively.

The weakening of the pound against the guilder gives rise to the higher payment for Ltd. The balance of Ltd's 1978 interim, amounting to 3.32p per share, and the deferred balance of 1977 and earlier dividends amounting to 35.34p per share making a total of 38.66p per share, will be paid, when circumstances permit. An additional 0.11p will be paid on December 22 in respect of part of the 1977 final reflecting the lower tax rate.

See Lex

C. E. Heath expands 20% to £6.54m for six months

PRE-TAX profits of C. E. Heath and Company rose by 20 per cent from £5.4m to £6.54m for the six months ended September 30, 1978, following an advance for the whole of the previous year to a peak of £14.8m.

Mr. P. R. D. Holland, chairman, states that while the group has to operate in more difficult conditions, with the weakening of the U.S. dollar and the overcapacity in the world insurance markets, there are still good prospects for reasonable growth for 1978/79.

After tax for the period of £3.4m (£2.3m) and minorities £7,000 (£20,000) the profit came out ahead at £3.1m against £2.3m. Earnings are shown as 10.7p (8.8p) per 20p share, and the interim dividend is increased from 1.45p to 1.82p net. Also announced is an additional dividend of 0.0309p for 1977/78 on the reduction in ACT—last year's final payment was 3.4209p.

The group's operations were up by 18.1 per cent; the major contribution was Australia, where satisfactory progress is being made.

The major portion of insurance broking is contributed by the UK companies, Mr. Holland explains, and although income is up, the progress has not been uniform across the group. The North American operation showing healthy growth but the marine company's results reflect the problems affecting the marine insurance market.

● comment

About a half of C. E. Heath's insurance brokerage income is in

U.S. dollars. So the adverse movement of the dollar against the pound in the group's first six months has clipped back a possible 21 per cent rise in broking income, (if exchange rates had remained unchanged year on year) to 15 per cent. Adverse currency movements on the underwriting side—principally the movement of the Australian dollar—reduced revenues by £170,000. But broking incomes have not only been affected by currency movements. Depressed premium rates in the marine market have hit the group's commission earnings, and other markets, although holding up well, are becoming more competitive.

Heath's expense ratio has climbed over four percentage points due mainly to the slower income growth. Heath says that expenses in fact are in line with budget. But the 20 per cent rise in taxable profits came much in the year in the group's first six months. The increase in net income derived from higher yields on investments, and a better utilisation of group cash. Heath should make £17.5m for 1978/79 (including about £730,000 first time contribution from Group's Sorinix in the second half). On this basis the shares at 350p stand on a percentage p/e of 8.8, and yield, assuming latest dividend increase of about 15 per cent, 3.4 per cent. They are likely to move in line with sector.

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RIT puts interim up

THE DIRECTORS of Rotherhithe Investment Trust announced an interim dividend of 2p net per 30p share against 1.5p last time, costing £242,199 (£284,842).

Although the company's interim figures for the 1978/79 year will not be published until next month they give the net asset value per share, at November 7, 1978, as 299p.

● comment

Rotherhithe Investment Trust's net asset value at November 7 was around 10p higher than brokers' portfolio models were suggesting and the net interim dividend is raised by a third. The dividend increase may largely reflect a more balanced spread between interim and final payments but there should be room for a further increase for the year as a whole. Even after rising 4p to 191p the shares stand on a discount of 38 per cent to asset value, against 28 per cent for the sector as a whole, and yield an above-average 3.8 per cent on a historic basis. But the market has tended to worry about the realisable value of RIT's unlisted investments, and its unusual portfolio makes it an unlikely candidate for any rating fund to take over. Any re-rating will depend on what answers the full interim figures, due in December, give in questions about the overall dividend, about what is being done with the proceeds of the Magnum sale, beyond the share stakes already taken in Godfrey Davis and Royal Worcester, and about how much of the trust's assets will be kept outside the UK.

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CU passes £100m mark as underwriting losses cut looking good

A REDUCTION of £21.2m in underwriting losses and an advance of £9.4m in investment income were the two main factors in lifting the pre-tax profits of Commercial Union Assurance by over 50 per cent in the first nine months of 1978. The pre-tax figure for the period reached £101.1m compared with £56.7m for the corresponding period last year and the £99.8m for the whole of 1977.

World-wide premium income over the period showed a decline of 3 per cent in sterling terms to £230.4m. But allowing for changes in exchange rates, the underlying growth was 4 per cent. Mr. Jack Emms, chief executive, pointed out, however, that this rise was below the target of 10 per cent for the year.

In the third quarter there was an underwriting profit of £3.9m and the overall loss for the nine months was reduced to £9.4m, compared with £21.2m. The U.S. had a good third quarter experience and moved into an overall profit situation of £1.4m, while the UK showed a profit of £2m. The Netherlands recorded the worst trading position with a loss over the nine months of £3m but this was 25 per cent lower than in 1977. A complete turnaround was recorded for the rest of the world with a profit of £3.8m compared with a loss of £7.2m. The only territory to slip back was Australia which moved into a loss situation.

The company reports that the U.S. situation has been achieved despite the worst weather for five years. The third quarter was profitable especially the property portfolio which was a major factor in the reduction of underwriting losses. The market was becoming increasingly competitive and the downturn in underwriting was still expected next year.

In the UK, the motor account is still just managing to keep profitable, but the domestic household account is still in a loss-making situation. There is a problem over rising crime rates not affecting this account and warnings of selective rate increases on contents insurance were given by the company. But it was emphasised that no rate increases are contemplated on buildings insurance. The other accounts remained buoyant.

Mr. Emms reported that a loss in Holland was expected. However the rate increases implemented at the beginning of the

HIGHLIGHTS

The upturn in consumer spending in Europe that was noticeable in the second quarter at Unilever has continued into the third, but trading in the U.S. was depressed as a result of a major advertising campaign in the detergents and toiletries product. The new terms have been announced for the agreed takeover of John Maggus by Dawson Int. and these are more favourable to Dawson than the original terms which were effectively blocked by the abortive bid for Dawson by Wm. Baird. Lex also takes a look at Commercial Union which has produced third quarter results with an underwriting profit helped by an improvement in most territories.

year were leading to a continued improvement in underwriting results, particularly in the motor account. Providing there was no repeat of the dreadful fourth quarter results of last year, the account in Holland should show an appreciable improvement over 1977, though still not acceptable.

There was a 10 per cent improvement in investment income reflecting the growth in the availability of investment, including those arising from improved underwriting results. Investment income totalled £105.2m against £93.8m for the nine months of 1977. After allowing for the changes in exchange rates, the rights issue of 1977 and the acquisition of Estates House Investments Trust, the underlying growth in investment income was slightly higher at 11 per cent. The solvency margin remains above the 32 per cent level pertaining at the time of the rights issue.

A professional valuation of land and buildings indicated £1.2m excess over book value, which has been taken into the accounts. Plant and machinery was put at about 20m against a retained book value of £1.3m.

Turnover and profit were split as to engineering, £11.6m (£11.4m) and £387,000 (£32,000) and foundry £7.3m (£6.8m) and £128m (£11.1m).

Compensation of £13,000 was paid to a director for loss of office.

Meeting, Waldorf Hotel, W.C., on December 8, at noon.

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Lake and Elliot optimistic

THE IMMEDIATE outlook for the steel foundry companies at Lake and Elliot is improving with the prospect of more substantial orders. Also the value industrial group, which has been operating at a low level for some years, shows signs of improvement and increased overseas orders are expected, says Mr. Peter Lake, the chairman.

In weak markets that persisted throughout the year group sales were £18.5m (£18.2m) and taxable profit for the year to July 31, 1978, reached £1.2m (£1.2m). The net dividend is 3.58p (£3.91p) per 25p share as reported October 10.

During the period the factory of Chief Services International SA was sold, producing a surplus of £20,000 which has been largely applied to the reduction of overseas bank borrowing. Year end total bank loans and overdrafts amounted to £216,000 (£243,000) and the group had a net outflow of £15,000 (£147,000).

A professional valuation of land and buildings indicated £1.2m excess over book value, which has been taken into the accounts. Plant and machinery was put at about 20m against a retained book value of £1.3m.

Turnover and profit were split as to engineering, £11.6m (£11.4m) and £387,000 (£32,000) and foundry £7.3m (£6.8m) and £128m (£11.1m).

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TAXABLE PROFIT was up past few years in establishing new product and customer markets rather than to any general improvement in the economy.

The group will be the further strengthened by its new acquisitions which give it an industrial product and market base.

A significant contribution to the company's profit growth from £1.2m to a record £1.7m over the year to June 30, 1978, was its performance in overseas markets. Exports were £1.2m (£1.2m) out of total sales up from £1.0m to £1.2m.

Trading profit up from £1.2m to £1.7m was split as to engineering £1.2m (£1.2m) and foundry £0.5m (£0.5m) and £1.2m (£1.2m).

Compensation of £13,000 was paid to a director for loss of office.

Meeting, Waldorf Hotel, W.C., on December 8, at noon.

See Lex

See Lex

Guardian Property sees £800,000

Cuthbert Heath House, 151-154 Minories, London EC3N 1TH. Telephone: 01-498 2488

**INTERNATIONAL INSURANCE BROKERS REINSURANCE BROKERS
AND UNDERWRITING AGENTS**

Bryant Holdings

HOMES : PROPERTY DEVELOPMENT : BUILDING : CIVIL ENGINEERING

- ★ Profit before exceptional item and taxation £3.24m compared with £2.66m last year.
- ★ Exceptional item of £2.63m being provision against investment in Saudi Arabia.
- ★ Gross final dividend 2.3p per share (2.1p last year) — maximum permissible.
- ★ Homes and property continue to be the main profitable activities. Cash position very satisfactory with borrowings reduced by £3m from previous year.
- ★ Market value of large land bank substantially in excess of balance sheet figure.
- ★ Reserves increased by development surplus of £1.38m additional to trading profit.
- ★ Satisfactory results anticipated for current year.

PRINCIPAL RESULTS

Year ended May 31	1978	1977
	£	£
TURNOVER	57,000,000	65,000,000
Profit before exceptional item and taxation	3,249,449	2,661,516
Exceptional item	2,635,420	—
Taxation	1,139,316	1,613,827
Extraordinary items	485,865	—
(Deficit)/Profit after taxation	(39,422)	1,047,889
Ordinary Dividend	501,866	452,002
Earnings per share	(2.7p)	4.8p

Copies of the Report and Accounts may be obtained from the Secretary, Cranmore House, Cranmore Boulevard, Shirley, Solihull, West Midlands B90 4SD.

BIDS AND DEALS

New Dawson offer values Haggas at some £25m

Dawson International, the luxury yarns and knitwear group, yesterday unveiled a revised offer for John Haggas, the Yorkshire yarn spinner, which it hopes will put an end to a triangular takeover battle that began two months ago and included a bid for Dawson by William Baird, its major shareholder.

Dawson is now issuing five of its shares (before adjusting for the scrip issue) for every nine Haggas shares compared with two for three under the first scheme. An unchanged 100p cash is also being paid for each Haggas share.

William Baird intervened to prevent the previous merger being completed because it felt the proposals favoured Haggas shareholders. It is not known how Baird will react to the latest offer but Mr. Stanley Gould, Baird's chairman and a director of Dawson, was notified of the proposals last Friday. Mr. Donald Par, his alternate on the Dawson Board, attended yesterday's meeting which ratified the new offer. There is no indication that he either opposed the new terms or obtained from voting.

Mr. Alan Smith, Dawson's chairman, said that he was not anticipating any opposition to the revised terms. "Had Baird been going to oppose them, it would have said so today," he said.

Based on a price before suspension of 170p for Dawson, the latest offer values Haggas shares at 190p compared with the price of 205p under the original proposals. Haggas is forecasting a full year pre-tax profit of not less than £4.8m which gives a fully taxed prospective exit p/e of 10.8. Haggas's balance sheet includes £12.4m of gilts. If this is stripped out and the interest earned deducted from the pre-tax profits, the exit p/e is 8.6.

Under the offer, Haggas shareholders will receive 10 ordinary

Dawson shares (equivalent to five shares prior to the scrip issue) and £9 cash for every nine Haggas shares they own. Members of the Haggas family, who own 5,233,720 shares, have agreed to forego Dawson dividends declared before April 1, 1980. Remaining shareholders will not get the Dawson interim, payable in January, but the new shares will rank pari passu with existing shares in all other respects.

Haggas shareholders are entitled to the Haggas final dividend which is payable on November 27. Irrevocable acceptances have been given covering 50.54 per cent of the Haggas capital and the Board of Haggas, together with Singer and Friedlander, its financial advisers, are recommending that shareholders accept.

See Lex

JENTH/MOWAT OFFER CLOSED

Jenth, the private Jersey investment group which bought a 61.7 per cent stake in Wm Mowat from the directors, announced yesterday that its obligatory offer for the remaining shares had closed without revealing whether it had received acceptances from any other shareholders.

Already Mowat's board is changing to reflect the new ownership, and a rights issue is planned for a few weeks time.

EMI (AUSTRALIA)

EMI (Australia) which is 60 per cent owned by the British group, has purchased from New South Wales Printing Company, a subsidiary of Smith and Lane Holdings, the plastic card manufacturing business known as Mastercard Manufacturers. The cash consideration was £128,000. Mastercard Manufacturers is the largest plastic card manufacturer in Australia, and the purchase will assist the early introduction into the Australian market of the "watermark"

secure magnetics system for credit cards developed at EMI's central research laboratories.

TALBEX & HOSKINS SUSPENDED

Share dealings in Talbex and Hoskins were suspended yesterday pending an announcement which is expected to be made in the next two to three days.

Talbex has been widely expected to bid for the Birmingham-based hospital equipment supplier ever since shareholders authorised the proposed takeover at the company's recent controversial AGM.

For 10 days talks are known to have been at an advanced stage but neither side was prepared to comment yesterday.

Talbex was suspended at 15p, Hoskins and Horton at 18p.

STANDARD CHARTERED

Standard Chartered Bank has taken a further step in its proposed \$372m acquisition of Unocal Bank, the sixth largest bank in California.

The application for the acquisition has been accepted by the Federal Reserve Bank of San Francisco, the local arm of the supervisory authority. It still faces the hurdle of gaining authorisation from the Federal Reserve Governors in Washington.

COMBEN/ORME

The revised offer by Comben Group for Orme Developments has been accepted in respect of 16,784,971 Orme shares (91.3 per cent). The balance will be acquired compulsorily.

In consequence, Comben has ceased to be a subsidiary of Carlton Industries which now owns 48.1 per cent of Comben. Carlton is 51 per cent owned by Hawker Siddley Group.

PLANTATION HLDGS.

Sir Douglas Clague has resigned as a non-executive director of Plantation Holdings. The group is currently the subject of a bid by Mait-Purpore Holdings and Sir Douglas would normally have resigned after completion of the takeover.

But, since he is abroad, it would have been inconvenient for him to put his name to documents relating to the bid, so he has resigned now.

SHARE STAKES

Moss Engineering Group, British-based, has increased its holding in the company to 300,000 ordinary shares (10.33 per cent).

Stewart and Wight: Mr. M. B. Conn, director, now has an interest in 12,941 ordinary shares (26.83 per cent) and 12,348 preference shares (33.53 per cent). J. Saville Gordon Group: Mr. J. Willett, director, purchased 50,000 shares.

British Electric Traction: Mr. W. M. Dravers, director, has disposed of 60,000 deferred ordinary shares.

City Investment Group: Mr. J. Harris, chairman, now has a beneficial interest in 1,173,312 ordinary shares (12.4 per cent).

Winterbottom Trust: Equity Law Life Assurance Society has acquired a further 25,000 ordinary shares thereby increasing its holding to 1,480,000 shares (31 per cent).

General Stockholders' Investment Trust: Mr. W. J. R. Govett, director, disposed of 300,000 ordinary shares on November 8, 1978.

Investment Trust Corporation: Possfund Asset has acquired a further 6,932,895 ordinary shares and a further 31,343 preference shares. Possfund now holds 236,513,865 ordinary shares (97.8 per cent) and 2,135,466 preference shares (0.81 per cent).

Ferguson Randall: Ferguson Industrial Holdings has bought 10,000 Randall Group shares at a 100p ex-dividend increasing holding to 65,857 shares (25.75 per cent). Randall has accepted an alternative offer from Whitecroft, the textile and building supplies group.

David Dixon and Son Holdings: Davis Investments (Jersey) has disposed of its entire interest in 110,000 shares (7.56 per cent).

Expansion at Paterson Zochonis

ONCE AGAIN, the increase in operating profit and the substantial growth in turnover of Paterson Zochonis in 1977-78, have come largely from the group's West African operations. Mr. J. B. Zochonis, the chairman, says in his annual report.

Although trading conditions have become more competitive, the volume of business of the associated companies continues to grow due to heavy demand for their products and in particular those products made in Nigeria, the chairman says.

For the year ended May 31, 1978, group turnover increased from £146m to £214m and pre-tax profit was up to £19.48m against £18.27m. Operating profit rose 6 per cent to £15.58m.

In the current year, all areas of group operations show a further increase in turnover, but due to the continued rise in costs and pressures on margins, returns so far received show profits to be only slightly higher than for the same period last year.

The issue of shares by Thermo-cool Engineering Company, Nigeria, which gave rise to a reduction in group interest from 100 per cent to 60 per cent was successfully completed during the year, says Mr. Zochonis.

Meeting, Manchester, December 4 at noon.

NEWMAN INDS.

Shareholders in Newman Industries approved the acquisition of Avdel International at an extraordinary general meeting yesterday.

Therefore an application has been made to the Stock Exchange for a listing of the preference shares to be issued by way of a placing and for the new ordinary shares to be issued by way of rights.

Near £1m drop at Concentric

THE DIRECTORS of Concentric out at £89,841 compared with report taxable profits for the year 1977-78, down from £1.78m, some £893,765 (£1.78m) from £2.45m to £1.51m after being (£1.78m), some £893,765 (£1.78m) behind at £14,000 against £1.19m expected to be payable in the year by 5 per cent to £33.23m but was lower in volume terms, they said.

At the interim stage the directors said that there were signs of a recovery in the second half compared with the first period's result, although not sufficient to enable to ground lost to be recovered.

They now say that as recently as two months ago the company had been optimistic regarding the outcome of the 1978-79 year, but that now national industrial problems make any forecast unwise.

Including deferred tax, earnings per 10p share are shown as more than halved from 11.75p to 5.37p (6.51p) after deducting 3.74p (£1.51m) for the year is stepped up to 2.67531p (£2.67531p) net with a final payment of 1.67531p. The total amount absorbed £505,790 (£432,852).

After a difficult start, the domestic control subsidiary took a significant step towards recovery and is now benefiting from the demand for gas appliances.

The two industrial controls and the plastic component subsidiaries all improved on the preceding year's results and the non-ferrous subsidiary did relatively well, directors state, without reaching last year's figures.

However, the companies supplying the automotive industry suffered from the recession in the tractor market and the troubles elsewhere.

After tax of £513,988 against £56,601 the profit available came

comment

After a disastrous first half, Concentric has experienced a somewhat better second half although profits are still 25 per cent down on the equivalent period. With the increase in demand for gas appliances the domestic control side has picked up strongly, but the results in this division are still below last year's.

The industrial side and the plastic component company with its wide range of products have both advanced. But the group's exposure to the automotive sector has been depressed this year. The whole diesel market, to which Concentric supplies pressure pumps, have been heavily depressed this year.

Industrial problems have recently added to the agony. Perhaps long awaited resurgence in the demand for gas appliances, the wisely, in view of past years burning, no forecasts have been ventured this time although the outlook for some of the industrial looks reasonably bright.

At 37p the shares are on a 2 1/2 of 6.7 although the yield of 11.3 per cent shows that the share does not appear to rate returns prospects very highly.

Midland Educational Unit shares at 240p, on November 14.

ASSOCIATES DEAL

Panmore Gordon Holdings, 999 shares at 240p, on November 14.

Commercial Union Assurance Company Limited

The Board announces estimated and unaudited profits for the 9 months to 30th September 1978 of £62.5m (1977 £46.0m) after providing for taxation.

	£m	£m	£m
PREMIUM INCOME	850.4	875.5	1,072.5
Investment income	105.2	95.8	127.7
Life profits	10.8	9.8	14.2
Underwriting result (table below)	(0.4)	(21.6)	(20.9)
Loan interest	(14.5)	(17.3)	(21.2)
PROFIT BEFORE TAX	101.1	66.7	99.5
Taxation and minorities	(38.6)	(20.7)	(32.2)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	62.5	46.0	67.3
EARNINGS PER SHARE	15.20p	13.46p	19.90p
SHAREHOLDERS' FUNDS	£646m	£518m	£594m
UNDERWRITING RESULT	£m	£m	£m
United Kingdom	3.0	(0.8)	(1.7)
United States	1.4	(4.8)	3.3
Australia	(0.7)	1.4	0.4
Canada	0.3	0.2	0.1
Netherlands	(8.0)	(10.4)	(18.6)
Remainder	3.6	(7.2)	(7.4)
	(0.4)	(21.6)	(20.9)

Notes

a) The results for the 9 months to 30th September 1977 have been restated to reflect the change, made at the end of 1977, in the Company's accounting policy for deferred taxation.

b) The results of the Company's overseas operations have, as usual, been converted at rates of exchange prevailing at the close of the periods reported above which were:

United States	1.97	1.74	1.92
Australia	1.70	1.58	1.67
Canada	2.34	1.87	2.10
Netherlands	4.13	4.30	4.35

World-wide premium income in sterling terms shows a reduction of 3%. After allowing for changes in rates of exchange the growth in premium incomes was 4%.

In the United Kingdom the underwriting improvement continues with profitable experience in most classes of business.

The United States had a profitable third quarter, particularly in the property classes, and there is now an underwriting profit for the year to date. The statutory operating ratio for 9 months 1978 was 99.4% (1977 101.2%) compared with 100.3% at 6 months. However, there are signs that the market is becoming increasingly competitive.

In Australia, despite a moderate improvement this quarter, trading conditions are still unsatisfactory with intense competition especially for fire business. Canada produced a break-even result during the last quarter and continues to show a small profit.

In the Netherlands there is a continuing improvement in underwriting results compared with last year as rate increases favourably affect the experience, particularly of the motor account.

There have been improved underwriting results for most territories in the Rest of the World and the marine and aviation results, also included under this heading, reflect a proportion of the profit expected for the 1976 underwriting year when it is closed at the end of 1978.

Investment income shows an increase of 10% which reflects the growth in funds available for investment, including those arising from improved underwriting results. After allowing for changes in rates of exchange, the acquisition of Estates House Investment Trust Limited and the proceeds of the Rights Issue in 1977, the underlying increase is slightly higher at 11%.

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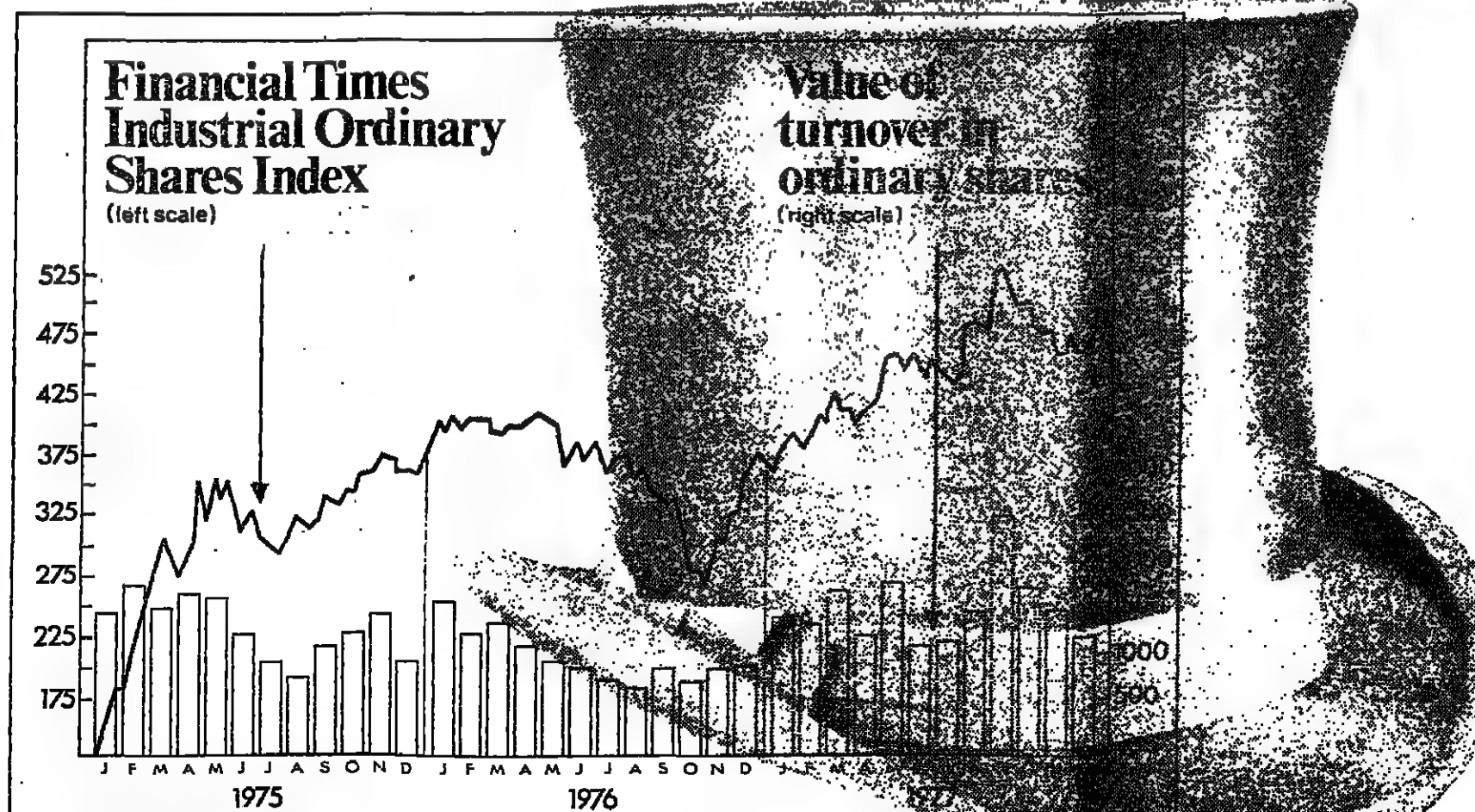
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Aviation and Communications Systems and Services — worldwide



Brooke Bond against Indian wages resolution

RESOLUTION is an act that there are severe practical limits on what BBL can do to bridge the gap between its wages and those of the Indian government. The chairman says that the board is responsible for the company's financial position. The chairman says that the board is responsible for the company's financial position. The chairman says that the board is responsible for the company's financial position.

expenditure will amount to Rs 24.9m (£1.63m). In his annual statement, Sir Humphrey reports a capital expenditure programme over the next three years amounting to some £62m. There are also capital resources earmarked for expansion by acquisition.

The chairman says that the group's cash position is strong and he sees no threat in the short-term to the group's ability to expand but he feels some concern at the longer term prospects for the food industry as a whole if margins do not improve.

The chairman says that it is too early to make a forecast for the current year. The movement of tea prices is unpredictable while the supply and demand position remains in such a delicate balance; and the tea price is the single most important factor influencing profits.

In the year ended June 30, 1978 group profit before interest showed a reduction from £27.18m to £26.99m. Within these figures the contribution by tea, coffee and other food products was down from £22.73m to £22.94m while plantations were unchanged at £20.8m (£20.31m).

Elswick Hopper warning

SHAREHOLDERS in Elswick Hopper are warned that there could be a shortfall in profits this year on the £1.03m achieved in 1977-78, although in the first half of the current year they are up from £550,000 to £451,000.

The director explains that a shortfall could arise unless demand for agricultural machinery shows a marked upturn in the final half. Nevertheless, all the companies are in excellent shape and able to take advantage of any upturn in market conditions.

With the rights issue in June, the directors forecast a minimum dividend of 0.59p net per share. They have declared an interim of 0.15p (0.4p) and expect to recommend a final of 0.34p (0.5p).

Business has been brisk in both bicycle companies. Turnover and profits are also being maintained at Picador Engineering.

With the rights issue in June, the directors forecast a minimum dividend of 0.59p net per share. They have declared an interim of 0.15p (0.4p) and expect to recommend a final of 0.34p (0.5p).

Meeting London Press Centre, EC, December 8 at 11.30 am.

MINING NEWS

Impala's wary view of platinum prices

By KENNETH MARSTON, MINING EDITOR

A WARNING that "we could well see a further decline in platinum prices on the free market" is given by Mr. Ian Greig, chairman of South Africa's Impala Platinum Holdings (formerly Bishoppo Platinum). The current "fixed" producer price for platinum charged by Impala and its rival Rustenburg Platinum Mines is a highest-ever \$380 per ounce while the price on the free market is \$317, having come back from a record \$388 on October 31.

Mr. Greig believes that the recent advance in free market platinum prices—which have come up from \$281 when his previous chairman's review was made on September 12—reflects a flight of money out of the weakening dollar into platinum and other commodities rather than a major increase in consumer demand for the precious metal.

He therefore argues that when people are satisfied that the dollar is realistically valued, or undervalued, in relation to the strength of the U.S. dollar and to other currencies, "the former trend is likely to be reversed with a substantial movement out of commodities, including platinum, back into dollars, a process which would be encouraged by the present high level of interest rates in the U.S."

He says that supply and demand of platinum in the Western World are more or less in balance, partly as a result of the reduction of Soviet supplies (which sustain the free market) but there are signs that these supplies are increasing again. Any release to the market of metal held in investment—speculative hands would upset the demand-supply balance.

So far, the South African platinum producers have reacted to the market trend by raising prices rather than by increasing production. Mr. Greig says that if his reading of the market situation is wrong and a real shortage of the metal exists, or is about to develop, the South African mines should expand production.

But they will only do this, he says, if they are confident of being able to achieve a worthwhile return on the capital which they will have to invest. It is vitally important for the industry to keep its consumer customers adequately supplied but Mr. Greig adds that the lead time for a major increase in production is three to four years and the capital requirements "are a formidable deterrent against making quick decisions because of the present state of the platinum market."

Meanwhile, Impala is declaring an unchanged first quarterly dividend at the rate of 4 cents (2.3p) for the current 10-month financial period to August 31. In its Bishoppo Platinum form, the company paid the equivalent of 18.4 cents on its new capital for the past year to June 30. The shares were 170p yesterday.

DECIDED UPTURN AT NORANDA

Noranda Mines, the Canadian minerals group, has accompanied the announcement of a sharp upturn in third quarter earnings with a promising prediction for the final quarter.

Helped by higher prices and the lower value of the Canadian dollar, earnings for the three months to September were \$230.8m (£15.9m), against \$24.9m in the same period of 1977. Net profits for the first nine months of the year were \$280.5m (£18.1m), compared with \$237.1m in the first three quarters last year.

Although a strike began at Mines Gaspé early in October, Noranda stated that the fourth quarter outlook is "relatively promising and considerably better than was thought likely three months ago."

Third-quarter net earnings are also announced by the Anglo American Corporation group's American Hudson Bay Mining and Canadian Hudson Bay Mining and

Smelting. But they are still regarded as unsatisfactory and insufficient to justify a resumption of quarterly dividends. The bulk of Rooiberg's output consists of gravity concentrates and initially only these will be smelted, yielding about 1,800-2,000 tonnes of high grade tin metal per year, but provision will also be made for output of flotation concentrates to be treated as well at a later stage. Most of the tin will be marketed in South Africa.

Dividends have built up in recent years thanks to the boom in tin prices and reached 135 cents in 1977, while an 80 cents interim has been paid in 1978. Analysts are looking for a 200 cents (114.5p) total. The shares at R17 yield a prospective 11.8 per cent on this basis.

Pancontinental chafes at uranium delay

IN A display of frustration about the cautious execution of the Australian Government's uranium development policy, Mr. Tony Grey, the chairman of Pancontinental Mining, yesterday warned, "If we are not more vigorous and expeditious than in the past, we will miss the boat."

Excessive delays were a godsend to Australia's competitors, he told the annual Australian Northern Development Seminar in Alice Springs. Markets will slip out of Australia's hands to competitors, particularly those developing the Canadian discoveries.

Pancontinental, with Getty Oil, owns the Jabulka deposit, the largest in the Northern Territory, where most of Australia's known uranium deposits are situated. In recent months, development has been held up because of Aboriginal reservations about a royalty agreement for the Ranger project towards the end of the year. Pancontinental shares have recently been depressed, partly reflecting concern about development prospects but yesterday they were 23p up at 900p.

Rooiberg plans new smelter

ROOIBERG MINERALS, a member of the Gold Fields of South Africa group and the largest tin producer in South Africa, has announced plans to construct a tin smelter at its mine in the Northern Transvaal, reports Richard Rofe from Johannesburg. Estimated to cost R1.8m (£1.03m) in today's money terms, the smelter will be operational by end-1979. The Board said in its statement yesterday that Rooiberg's existing cash resources are sufficient to finance the smelter construction and "to allow for a further substantial increase in the dividend to be declared next month."

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Dividends have built up in recent years thanks to the boom in tin prices and reached 135 cents in 1977, while an 80 cents interim has been paid in 1978. Analysts are looking for a 200 cents (114.5p) total. The shares at R17 yield a prospective 11.8 per cent on this basis.

"SATISFACTORY PROGRESS"

Chairman P. H. Pritchard reports for the half year ended July 2nd 1978.

Interim dividend of 6.50p payable on 12th December 1978 to shareholders on register at 10th November 1978.

*Profits in U.K. increased by 14% and overseas by 37%. Overall total profits before tax up by 20%.

*Another satisfactory year anticipated.

*Major acquisition of building maintenance company in U.S.A.

Unaudited results for 26 weeks to 2nd July 1978

	First Half 1978	First Half 1977	Year 1977
Group Turnover	24,867	23,670	45,391
Group Profit before taxation	1,170	972	2,176
Taxation—U.K.	361	365	470
—Overseas	198	140	302
Minority interests	47	467	1,404
Extraordinary items	—	—	(75)
Available to Ordinary Shareholders	564	435	1,314
Dividends	142	124	316

Pritchard Services Group Ltd.
Pritchard House, South Hill Avenue,
South Barrrow, Middlesex HA2 0NS
(01-863 4421)

Specialists in building, cleaning and maintenance, airport and transport cleaning, city cleaning, janitorial supplies, timber preservation, industrial catering, linen hire, hospital, healthcare and security services.

CENTRAL AND DISTRICT PROPS.

Owing to a last minute technical matter, the 1977-78 annual report and accounts of Central and District Properties, a wholly-owned subsidiary of Town and City Properties, have been delayed.

The accounts, which were to have been posted during the six months period following the March 31 year-end, are now expected to be released in about 10 days.

TILLING'S 2M ACQUISITION

Thomas Tilling is buying a Kent based industrial cleaning equipment maker in a deal worth £2.2m.

Cimex International, which operates from Kent, will get 1.87m Tilling shares. Cimex had total sales of £5.2m in the year to March and made pre-tax profits of £274,000. Its products, which are exported to Europe, the U.S. and the Middle East, will be incorporated in Tilling's engineering sector which includes companies already involved in industrial hygiene.

Meeting London Press Centre, EC, December 8 at 11.30 am.

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Harrisons & Crosfield

Summary of Unaudited Interim Results

for the six months ended 30th June 1978

GROUP RESULTS	£'000
GROUP PROFIT BEFORE INTEREST AND TAXATION	21,902
Comprising:	
Operating Surplus	19,728
Investment Income	758
Associated Companies	1,416
Interest Payable	765
GROUP PROFIT BEFORE TAXATION	21,137
Taxation	9,829
GROUP PROFIT AFTER TAXATION	11,308
Attributable to Minority Interests	1,754
Preference Dividends	60
EARNINGS FOR ORDINARY SHAREHOLDERS	9,494
EARNINGS PER ORDINARY SHARE	21.9p
GROUP TURNOVER	302,000

Notes:
1. The above Group Results reflect the merger with Harrisons Malaysian Estates Limited for the whole of the period and the acquisitions of Malaysian Plantations (Holdings) Limited and Haccros Investment Trust Limited with effect from February 1978.
As a result of these transactions other Companies have become either subsidiary or associated Companies of Harrisons & Crosfield, Limited. The results of these Companies have been included in the above Group results for the period since they became subsidiary or associated Companies with the exception of London Sumatra Plantations Limited, for which interim figures are not available and no contribution from this Company has therefore been included. However, in the statutory accounts for the full year to 31st December 1978 London Sumatra Plantations Limited will be dealt with as an associated Company and the proportion of its results will be included in the Group Results.

2. Overseas trading results for the six months to 30th June 1978 have been expressed in sterling at the exchange rates ruling at 30th June 1978.

3. Taxation comprises the following:

	£'000
U.K. less double taxation relief	1,228
Overseas	5,989
Associated Companies	612
	9,829

4. No comparative figures are included in this Statement as the results of the enlarged Group for the previous period incorporating the results of Harrisons Malaysian Estates Limited are not available.

PRINCIPAL ACTIVITIES

Because of the effect of the differing accounting periods of the Companies becoming part of the Harrisons & Crosfield Group during the current financial year, it is not practicable to include in this statement an analysis of its respective profit contributions by the principal divisions of the Group. It is intended that this analysis will be included as usual in the results for the full year and in future interim statements.

In his recently published Report and Accounts the Chairman of Harrisons Malaysian Estates Limited stated that "The drought conditions which prevailed in Malaysia during 1976 and 1977 affected crops adversely for the year to 31st March 1978. They fell short of the previous year's figures, particularly during the January/March quarter of 1978."

Except for the Timber division, which suffered from thinner margins both in the United Kingdom and in the East, all other divisions of the Group produced satisfactory figures.

ORDINARY DIVIDEND

Interim Dividend 6.5p per share.

City Investing Company's revenues and earnings in the third quarter of 1978 were a record. Again, all the company's principal operations contributed to this progress.

HIGHLIGHTS

Earnings of City's insurance operations increased substantially, reflecting improved property-casualty underwriting results, further growth in portfolio investment income and continued improvement in life insurance results.

City's housing activities showed further profit growth on increased unit volume of single-family homes and on higher mobile home shipments.

City's worldwide manufacturing operations continued to progress with particularly strong profit performance in magazine printing and in containers and plastic products in Belgium and the United Kingdom.

City's budget motel chain, with 247 motels nationwide, continued its outstanding earnings growth, reflecting record occupancy.

Major projects in City's capital investment program are nearing completion as planned. Production has started at the new air-conditioning plant at Milledgeville, Georgia. New printing presses are being installed

City Investing reports on third quarter 1978 results

SUMMARY RESULTS (UNAUDITED)

THIRD QUARTER ENDED September 30,	1978	1977 ¹	% Increase
Revenues	\$951,070,000	\$812,409,000	17
Net Income	33,987,000	23,928,000	42
Primary Net Income Per Share ²	1.33	.91	46
Net Income Per Share—Assuming Full Dilution ²	.92	.66	39
NINE MONTHS ENDED September 30,	1978	1977	% Increase
Revenues	\$2,697,456,000	\$2,243,001,000	20
Net Income	80,374,000	54,198,000	48
Primary Net Income Per Share ²	3.03	1.93	57
Net Income Per Share—Assuming Full Dilution ²	2.19	1.51	45

(1) To reflect certain reclassifications made during 1978, revenues for 1977 have been restated and reduced by \$1,933,000 for the third quarter and \$4,696,000 for the nine months with no effect on net income. Results for the third quarter and nine months ended September 30, 1977, have been restated to give effect to adoption of Statement of Financial Accounting Standards No. 13 and 19, requiring capitalization of certain lease obligations and the use of a form of successful efforts method of accounting for oil and gas investments. As a result, net income was restated and retroactively increased by \$916,000 and \$3,716,000, respectively. For the same respective periods, primary net income per share increased by \$.04 and \$.17 and net income per share—assuming full dilution—increased by \$.02 and \$.10.

(2) Average primary shares were 22,680,000, 22,125,000, 22,680,000 and 21,975,000 for the third quarter and nine months ended September 30, 1978 and 1977. Average shares—assuming full dilution—were 37,124,000, 36,571,000, 37,124,000 and 36,571,000 for the same respective periods.

at the expanded rotogravure plant at Salem, Illinois. Thirty new motels will have been opened by year-end.

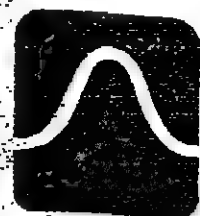
OUTLOOK

Based on results to date and order backlogs in manufacturing and

housing, 1978 is expected to be a record year for City Investing.

To learn more about City Investing, contact Jerome Hanan, Vice-President, City Investing S.A., Stockenstrasse 38, Zurich, Switzerland.

City Investing



TELECOMUNICAÇÕES BRASILEIRAS S.A. TELEBRÁS

U.S. \$225,000,000
MEDIUM TERM CREDIT FACILITY

GUARANTEED BY
THE FEDERATIVE REPUBLIC OF BRAZIL

MANAGED BY

CHASE MERCHANT BANKING GROUP

BANK OF MONTREAL
THE FUJI BANK, LIMITED
LIBRA BANK LIMITED
SKANDINAVISKA ENSKILDA BANKEN
BANQUE EUROPEENNE DE CREDIT (BEC)
THE MITSUBISHI BANK, LIMITED
UNION BANK OF SWITZERLAND

CO-MANAGED BY

THE BANK OF NOVA SCOTIA
INTERNATIONAL LIMITED
CREDIT LYONNAIS
GRAND BANK
GRINDLAY BRANTON LIMITED
MARINE MIDLAND LIMITED
NATIONAL WESTMINSTER BANK LIMITED
PROVINCIAL BANK OF CANADA
SOCIÉTÉ GÉNÉRALE DE BANQUE S.A.
THE YASUDA TRUST AND BANKING CO., LTD.

THE BANK OF YOKOHAMA, LTD.
COMMERZBANK AKTIENGESELLSCHAFT
EUROPEAN BRAZILIAN BANK LIMITED
—EUROBRAZ—
THE INDUSTRIAL BANK OF JAPAN, LIMITED
THE MITSUI BANK, LIMITED
THE NIPPON CREDIT BANK, LTD.
SECURITY PACIFIC BANK
TORONTO DOMINION BANK

PROVIDED BY

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
BANCO DO COMERCIO E INDUSTRIA DE
SÃO PAULO S.A. (BACEN)
BANCO NACIONAL S.A. (BRASIL)
BANK OF BRITISH COLUMBIA
BANK OF MONTREAL INTERNATIONAL
LIMITED
THE BANK OF YOKOHAMA, LTD.
CANADIAN IMPERIAL BANK OF COMMERCE
(INTERNATIONAL) S.A.
CREDIT LYONNAIS
EUROPEAN BRAZILIAN BANK LIMITED-EUROBRAZ
GRAND BANK
THE INDUSTRIAL BANK OF JAPAN, LIMITED
NEW YORK AGENCY
MARINE MIDLAND BANK
THE MITSUI BANK, LTD.
NATIONAL WESTMINSTER BANK GROUP
THE NIPPON CREDIT BANK, LTD.
PROVINCIAL BANK OF CANADA
(INTERNATIONAL) LIMITED, NASSAU
SECURITY PACIFIC BANK
SOCIÉTÉ GÉNÉRALE DE BANQUE S.A.
TORONTO DOMINION BANK
UNITED VIRGINIA BANK

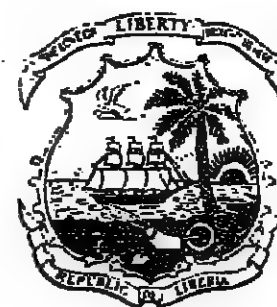
BANCO DE SILEAO, NEW YORK AGENCY
BANCO DE LA NACION ARGENTINA,
PANAMA BRANCH
BANCO DO ESTADO DE SÃO PAULO S.A.,
LONDON BRANCH
BANK OF MONTREAL
THE BANK OF NOVA SCOTIA
INTERNATIONAL LIMITED
BANQUE EUROPEENNE DE CREDIT (BEC)
THE CHASE MANHATTAN BANK, N.A.
COMMERZBANK AKTIENGESELLSCHAFT,
CHICAGO BRANCH
THE FUJI BANK, LIMITED
GRINDLAYS BANK LIMITED
INTERNATIONAL COMMERCIAL BANK LIMITED
LIBRA BANK LIMITED
THE MITSUBISHI BANK, LIMITED
NATIONAL BANK OF AUSTRALASIA LTD
THE NKKO (LUXEMBOURG) S.A.
ORION BANK LIMITED
THE SAITAMA BANK, LIMITED
SAITAMA INTERNATIONAL (HONG KONG) LIMITED
SKANDINAVISKA ENSKILDA BANKEN
(LUXEMBOURG) S.A.
UNION BANK OF SWITZERLAND
THE YASUDA TRUST AND BANKING CO., LTD.

AGENT

THE CHASE MANHATTAN BANK, N.A.

THE MANAGERS WERE ASSISTED IN BRAZIL BY BANCO LAR BRAS S/A S.A.

2nd NOVEMBER 1978



THE REPUBLIC OF LIBERIA

U.S. \$60,000,000
MEDIUM TERM LOAN

MANAGED BY

CHASE MERCHANT BANKING GROUP

CO-MANAGED BY

BANK OF MONTREAL
CITICORP INTERNATIONAL GROUP
THE BANK OF TOKYO, LTD.
MIDLAND BANK LIMITED

FUNDS PROVIDED BY

THE CHASE MANHATTAN BANK, N.A.
THE BANK OF TOKYO, LTD.
MIDLAND BANK LIMITED
DG BANK INTERNATIONAL SOCIÉTÉ ANONYME
THE FIRST NATIONAL BANK OF BOSTON
MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
SKANDINAVISKA ENSKILDA BANKEN
VEREINS-UND WESTBANK INTERNATIONALE
SOCIÉTÉ ANONYME

BANK OF MONTREAL
CITIBANK, N.A.
BANQUE BELGE LIMITED - SOCIÉTÉ
GÉNÉRALE DE BANQUE S.A.
INTERNATIONAL WESTMINSTER
BANK LIMITED
ORION BANK LIMITED
UNION BANK OF SWITZERLAND
CREDITO ITALIANO, LONDON
NATIONAL HOUSING AND SAVINGS
BANK MONROVIA

AGENT

THE CHASE MANHATTAN BANK, N.A.

8th NOVEMBER 1978

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

DEVELOPMENT AND INVESTMENT BANK OF IRAN

U.S. \$60,000,000
MEDIUM TERM CREDIT FACILITY

MANAGED BY

CHASE MERCHANT BANKING GROUP

CITICORP INTERNATIONAL GROUP
THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED
MELLON BANK, N.A.
NATIONAL WESTMINSTER BANK GROUP
SWISS BANK CORPORATION

FUNDS PROVIDED BY

THE CHASE MANHATTAN BANK, N.A.
THE LONG TERM CREDIT BANK
OF JAPAN, LIMITED
SWISS BANK CORPORATION
LANDESBANK RHEINLAND PFALZ
UND SAAR INTERNATIONAL S.A.

CITIBANK N.A.
MELLON BANK, N.A.
INTERNATIONAL WESTMINSTER BANK
LIMITED
MARINE MIDLAND BANK
THE MITSUI TRUST AND BANKING
COMPANY, LIMITED

AGENT BANK

THE CHASE MANHATTAN BANK, N.A.

20th OCTOBER 1978

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY



HIDROELÉCTRICA DE CATALUÑA, S.A.

U.S. \$50,000,000
MEDIUM TERM CREDIT FACILITY

MANAGED BY

CHASE MERCHANT BANKING GROUP

CO-MANAGED BY

ABU DHABI INVESTMENT COMPANY
BANK OF MONTREAL
DEUTSCHE GIROZENTRALE INTERNATIONAL S.A.
NATIONAL WESTMINSTER BANK GROUP
SWISS BANK CORPORATION

FUNDS PROVIDED BY

THE CHASE MANHATTAN BANK, N.A.
BANK OF MONTREAL
INTERNATIONAL WESTMINSTER BANK
LIMITED
BAYERISCHE LANDESBANK
INTERNATIONAL S.A.
SOCIÉTÉ GÉNÉRALE DE BANQUE S.A.
THE YASUDA TRUST AND BANKING
COMPANY LIMITED
BANQUE INTERNATIONALE A LUXEMBOURG S.A.
FIRST PENNSYLVANIA BANK NA
F. VAN LANSCHOT BANKIERS N.V.
SOPIS LIMITED
THE BANK OF YOKOHAMA LIMITED

ABU DHABI INVESTMENT COMPANY
DEUTSCHE GIROZENTRALE
INTERNATIONAL S.A.
SWISS BANK CORPORATION
(INTERNATIONAL), LIMITED
MIDLAND BANK LIMITED
THE MITSUI TRUST AND BANKING
COMPANY, LIMITED
BANK OF SCOTLAND
CANADIAN IMPERIAL BANK OF
COMMERCE
ROYWEST BANKING
CORPORATION LIMITED

AGENT

THE CHASE MANHATTAN BANK, N.A.

5th NOVEMBER 1978

INTERNATIONAL FINANCIAL AND COMPANY NEWS

UBS forecasts setback over 10% for full year

BY JOHN WICKS

FINANCIAL RESULTS of the third quarter and first nine months this year were over 10 per cent below last year's figures.

Dr. Holzach drew attention particularly to the drop in interest margins, which he said was not likely to be reversed by the end of the year. Bank interest rates were able to be adjusted only with a time lag after decreases in active interest. Budgeting for next year would be "extremely cautious," he said.

In 1977, UBS net profits rose by 13.7 per cent to Sfr 238m (\$163m), and total assets by 6.6 per cent to Sfr 56.12bn. The bank's operating earnings for the

third quarter and first nine months this year were over 10 per cent below last year's figures.

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ZURICH, Nov. 13.

Pessimism at ASUAG on full year profits

By Our Own Correspondent

ZURICH, Nov. 13.

SWITZERLAND'S leading watch company, Allgemeine Schweizerische Uhrenindustrie AG (ASUAG), views the present financial year "more pessimistically" than 1977-78, when it raised net profits from Sfr 4m to Sfr 5m (\$2.1m).

It is paying an unchanged 8 per cent dividend for the past year to June 30, which saw a rise in group turnover of 12.3 per cent to Sfr 1.17bn.

Group operations in the first half of calendar 1978 showed an improvement on autumn of last year. However, business began to show a downturn in May and June, and the group has recently been reporting its concern at the level of orders since then.

The components division, headed by the Nuremberg-based Elausch AG, is faced with considerable difficulties and is trying to arrange a reduction in operations with the trade union.

Berlin plant closure

THE WEST German electronics concern Loewe-Opta will close its West Berlin factory because it cannot compete with Japanese manufacturers, Reuters reports from West Berlin.

Five hundred workers will lose their jobs when the factory, which makes radios and parts for television sets, closes in mid-1979.

A city government official said the company had turned down its proposals for saving the factory because it was losing so much money.

BFG to sell holding

BANK FUER Gemeinwirtschaft AG (BFG) is selling all but 5 per cent of its holdings in the Frankfurt-based Bankhaus Koch/Lauterbach to the private bank Schroeder, Muenchmeyer, Hengst, Reuters reports from Frankfurt.

SMBL with offices in Hamburg, Frankfurt and Offenbach, will hold the remaining 95 per cent in Koch Lauterbach, effective from January 1.

The spokesman said Koch Lauterbach, with an annual business volume in the region of DM 100m (\$53.2m), no longer fits into BFG's portfolio. Royal Bank of Canada was negotiating a stake in Koch Lauterbach, but the talks were unsuccessful, the spokesman said.

EUROPEAN OPTIONS

THE European Options Exchange (EOE) expects to list three French stocks later this month. Their names will probably be announced this week, Dr. Bert Scholten, the EOE's managing director, said in an interview with the Financial Times.

Late last week, the Bank of France gave its permission for French residents to trade options in foreign shares on markets abroad; previously, the country's foreign exchange controls prevented this. But French residents are still unable to trade French share options on foreign markets, such as Amsterdam or Chicago, though non-residents may do so.

The EOE is, meanwhile, still talking with the West German monetary and banking authorities in the hope of creating conditions favourable to German banks taking part in dealing. The EOE hopes for a breakthrough within a few months. A delegation from Hong Kong is due to visit Amsterdam next month to discuss the listing of options in Hong Kong stocks. This follows a visit by EOE officials to the colony in October. A number of the EOE's members have offices in Hong Kong, while one of the largest brokers, Sun Hung Kai Securities, has become a public order member of the EOE.

"Members of the stock exchanges in France and Germany fear we will take away the market in the underlying shares," Dr. Scholten said. "But the clearing will take place in the country where the stock is quoted and stocks would not be handled in Amsterdam, unless a client actually requests delivery." (Dr. Bert Scholten, managing director of the EOE)

"Members of the stock exchanges in France and Germany fear we will take away the market in the underlying shares. But the clearing will take place in the country where the stock is quoted and stocks would not be handled in Amsterdam, unless a client actually requests delivery." (Dr. Bert Scholten, managing director of the EOE)

unless a client actually requests delivery." The EOE plans to launch in French and eventually German stocks during the house opening hours in the respective countries.

The exchange would like to see a market for U.S. stocks in Amsterdam, though, since these are traded on the American markets for the most part when in Amsterdam is closed. The EOE is, therefore, dependent for up-to-date prices on those established in telephone trading.

The EOE originally hoped to introduce "put" trading—confering the right to sell shares—alongside the present facility for "call" trading—confering the right to buy—last month. The possibility of selling earlier...

The EOE is setting up a team to advise the clients of its members. Members will be able to call on its services for a small fee.

The EOE has not yet decided whether to introduce a system of the three listed British stocks when the next series expires later this month. It did not introduce a new series to replace the one which expired in August. The EOE has no plans to delist British Petroleum, ICI and General Electric, though.

Daily trading volumes have occasionally exceeded 3,000 contracts, but the EOE is still a long way from its original estimate of a break-even level of 7,000 contracts. "The break-even point is now lower than 7,000 contracts due to the restrictions the EOE has put on the size of its operation. Staff leaving have not been replaced while the whole middle range of the EOE's management has been left under a cloud."

"You don't imagine, though, we would start to make money immediately or that this stock exchange would withdraw its support?" Dr. Scholten asked. The capital investment in the EOE was £12.5m (\$33m), which was paid in three instalments. The EOE's losses are estimated at between £10,000 and £100,000 a week.

Aerospace groups await a lead

BY ADRIAN DICKS

BONN, Nov. 13.

WITH BRITAIN'S re-entry into the European Airbus consortium, the West German aerospace industry has seen its most important immediate concern satisfactorily resolved, and is now turning its full attention to an issue that may take even more time, patience and skillful negotiation—its own future shape.

It now looks unlikely that the long-discussed merger of the industry's two largest companies, Messerschmitt-Bölkow-Blohm (MBB) and Vereinigte Flugtechnische Werke-Fokker is going to take place this year. The Bonn Government's co-ordinator for the industry, State Secretary Herr Martin Gruener of the Economics Ministry, may therefore need to be patient some time longer before his objective of a "national industry" with the single voice of its British or French counterparts can be put in place.

Behind what appears at the official level to be a deadlock, however, there are some signs that the talks between the two companies and the Government may be slowly starting to clear some of the obstacles to a merger out of the way. As a result, some knowledgeable people in the industry are now hoping that Herr Gruener will give a fresh lead when he appears before the Bundestag's (Lower House of Parliament) Budget Committee later this month to request supplementary funds for the Airbus programme.

Change

The main change in recent months is that all parties are now reported to agree that VFW-Fokker, hailed as a pioneering cross-frontier merger a decade ago, will have to be unscrambled

holding out not for a merger but for a takeover of VFW's more viable plants, such as its big Bremen factory, with the government picking up the bill and the political responsibility for closing down what it does not want to buy.

Herr Gruener's strategy, dictated by Bonn's advocacy of the market economy, has been to let MBB and VFW get on with fixing the terms of their fusion. Despite new top management in both companies, this approach has brought no agreement yet. VFW-Fokker has been attempting to hold out for something better than what it regards as capitulation to MBB's terms.

On the German side, however, there has for several years been suspicion of the Dutch half of the partnership, and increasing irritation could be removed if the talks with MBB were confined to arranging a merger only with the VFW half of the group.

While there may still be some cause for regretting the probable ending of the transnational experiment, it is likely that some cross-frontier co-operation and sub-contracting will continue and, though the recent hesitations in the Netherlands over joining in the Airbus programme make this less than a certainty.

Even without having to involve the Dutch in a "large solution," the bringing together of MBB and VFW promises to be extremely delicate. What Herr Gruener and his officials have been hoping to see from a merger is a rationalisation of the industry at the works level, with smaller and less economical factories closed down and the workforce reduced if need be. This view has been broadly shared by MBB, which has been

holding out not for a merger but for a takeover of VFW's more viable plants, such as its big Bremen factory, with the government picking up the bill and the political responsibility for closing down what it does not want to buy.

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holding out not for a merger but for a takeover of VFW's more viable plants, such as its big Bremen factory, with the government picking up the bill and the political responsibility for closing down what it does not want to buy.

Kansas City Power & Light raises \$50m

By Our Euromarkets Staff

MERRILL LYNCH International Bank is arranging a \$50m short-term Eurodollar loan for the double-A rated Kansas City Power and Light Company.

The marks a relatively rare excursion by a U.S. utility into the Euromarkets for funds. The 18-month syndicated loan will carry a spread of 1 per cent over interbank rates. The borrower apparently found that a short-term Eurodollar credit was competitive with a U.S. loan based on the current banking prime rate.

Dunlop Australia expects higher profits this year

BY JAMES FORTH

SYDNEY, Nov. 13.

DUNLOP AUSTRALIA expects to raise its profits for the current year above the A\$17m (U.S.\$10.7m) recorded in 1977-78, the chairman, Sir Robert Blackwood said in Melbourne.

Shareholders have approved the terms of a capital return which will give them three 40-cent shares for every two A\$1.00 shares, plus 25 cents cash for each share held before the reconstruction. Sir Robert said that if Dunlop held profit at A\$17m the earnings would rise from 18.3 per cent to 24.8 per cent. The profit was expected to better this year.

Dividend payments in IDB group

By L. Dand

SEVERAL SUBSIDIARIES of the Israel Discount Bank—the country's third largest—have declared interim dividends for 1978. The investment company of IDB will pay an unchanged dividend of 25 per cent, which is to be the first year since 1977.

The investment company is controlled by the IDB Bank Holding Company, the parent of the discount bank. It is involved in industrial investments, as well as the granting of loans via the Discount Bank to local authorities, industrial concerns and co-operatives. It also manages a number of trust funds. Additionally, it invests in insurance, shipping services and property, but its main achievement is the financing, by way of investment of several of Israel's largest high-technology industries, such as the Elron group (various types of electronics) and the local government (steel mill, aircraft parts).

Another IDB subsidiary, the Property and Building Corporation, will also pay 30 per cent bonus shares (25 per cent in 1977) in addition to a 15 per cent cash dividend, while Israel Development and Mass Bank will pay 22 per cent cash (unchanged), while the bonus rate will be raised to 35 per cent from 28 per cent in 1977.

Singapore SE alters hours

THE Singapore Stock Exchange has announced that, with effect from November 26, it will cut back its afternoon trading session by half an hour, to run from 1430 to 1630 local time in place of the present 1400 to 1600 hours. Reuters reports from Singapore.

Anglo American subsidiaries show little progress so far

BY RICHARD ROLFE

JOHANNESBURG, Nov. 13.

ANGLO AMERICAN'S two listed property companies, Anglo American Properties (Amaprop) and Anglo Sorec, the latter acquired through the takeover of the Schlesinger Insurance and property interests, continue their attempts to achieve an even keel ahead of the 1978-79 financial year. The total loss is therefore entered in the consolidated development programmes and adverse market conditions. With gross assets employed of over R200m, the two companies between them Sorec may need some time to recover fully, but that by the six months to September 30, 1978, with virtually no new office building taking place in the face of continuing development programmes and adverse market conditions. With gross assets employed of over R200m, the two companies between them Sorec may need some time to recover fully, but that by the six months to September 30, 1978, with virtually no new office building taking place in the face of continuing development programmes and adverse market conditions. 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INTERNATIONAL FINANCIAL AND COMPANY NEWS

NIPPON STEEL

Foreign exchange gains boost profit

BY RICHARD C. HANSON

NIPPON STEEL, the world's largest steelmaker, today reported an improvement in net profit for the September 30 half year, and said that it would have shown a loss but for foreign exchange gains and other special factors. The company passed its interim dividend for the second year in a row, because of stability over the second half of the year.

Net profit rose by 31.7 per cent to ¥16,700m (US\$177.7m) in the comparable period last year. Pre-tax operating profit rose 23.4 per cent to ¥15,610m because of production cost reductions in areas such as energy consumption, which amounted to ¥22.5m over costs in the prior half year. The company estimated its foreign exchange gains in the half at ¥20.8m as the appreciation of the yen made imports less costly, compared with gains for all last fiscal year of around ¥33.2m.

Overall sales were down 3 per cent to ¥1,146m (US\$11.6m) export sales dipped about 5 per cent to ¥335.8m.

Production of steel in the half year amounted to 15,676m tons compared with 15,374m tons in the prior half, which ended in March. The company's annual capacity is put at 47m tons, or well above the average 32m tons it is currently producing. It has presented to its labour union plans to reduce capacity by 1980, when demand is expected to be running at around 32-36m tons at its facilities. It plans to take out of service two coking coal furnaces, one electric furnace, while shutting down five mills and consolidating certain types of production at other steelworks.

TOKYO, Nov. 13.

Earnings up at TNT in first quarter

By James Forth

SYDNEY, Nov. 13.

AUSTRALIA'S international transport group, Thomas Nationwide Transport, raised its profit by 15.6 per cent in the first quarter of the current year, from A\$4.3m to A\$4.87m (US\$5.6m), the chairman, Mr. F. Millar told shareholders today at the annual meeting in Sydney. Mr. Millar said that the increase in the operating profit was greater, but that currency movements continued to go against the group.

Revenue for the quarter rose 7 per cent, from A\$127.5m to A\$136.5m (US\$157m). However, the figures for the 1977 September quarter included A\$75m from the loss making U.S. subsidiary Acme Fast Freight, which had since been sold. On a comparable basis, group revenue rose 25 per cent for the quarter, while Australian turnover rose between 16 per cent and 20 per cent, with a similar increase taking place in profit.

Mr. Millar said that TNT today was in a stronger position than twelve months ago. The group no longer had any operations incurring substantial losses, and had many which were producing good profits. "We have many operations which are about to produce substantially higher profits," he added.

The chairman disclosed that since the balance date, TNT had increased its holdings in the New Zealand operations, from 71 per cent to 97 per cent.

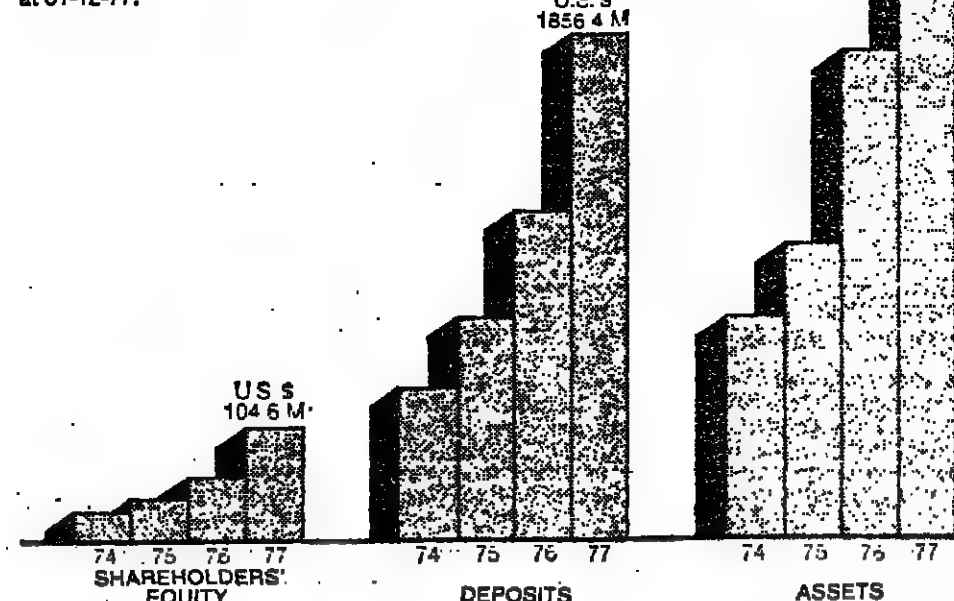
Mr. Millar said that the sale of Acme Freight had substantially reduced operations in the U.S. "That sale should not be taken as any indication that we have lost faith in the U.S. or that we have withdrawn from that very large, and in our view, important area of operations. We still have some small transport operations in America and will continue to seek opportunities to become more heavily involved in such operations in the future."

Referring to the group's North Atlantic shipping operation, Trans Freight Lines, Mr. Millar said that a positive contribution to profits was looked for in 1978-79. TFL lost A\$1.4m last year but this was after severe weather and a "disastrous" longshoremen's strike. The strike alone cost the group about A\$8.5m.

Competition was increasing on the North Atlantic service, but new container vessels chartered from the partly owned subsidiary, Bulbapline, should give it a significant competitive advantage. Trans Ocean leasing of the U.S., in which TNT has a holding of about 30 per cent, continued to expand and its profitability was good and increasing.

FIGURES COUNT

Extract from The Gulf Bank's Annual Report. Figures in U.S. dollars.
Kwacha Dinar 1 = U.S. \$ 3.47
at 31-12-77.



The Bank That Knows The Market

Tele: Kuwait 2015 (Dealing Room) & 2753 (Correspondents)
Telephone: 01-248 2843 (European Representative Office)

The Board of Management of Akzo NV announces that on 14th November 1978 the results for the third quarter of 1978 were published.

Copies of this quarterly report may be obtained from the London Paying Agent:



Amhem, 14th November 1978

Japanese camera makers see new peaks

BY YOKO SHIBATA

TOKYO, Nov. 13.

TWO LEADING Japanese camera manufacturers, Nippon Kogaku and Minolta Camera, today reported a 30 per cent increase in sales for the September 30 half year, and said that they expected to achieve record sales and earnings for the current fiscal year, ending March.

In the first half, Nippon Kogaku (manufacturer of the Nikon camera) lifted its current and net profits to peak levels, total turnover. The company

priced 99 per cent of exports in the yen, so meeting impact of the yen appreciation.

In order to cope with declining export profitability, however, the company raised export prices in the U.S. and European markets. The company benefited from the effect of mass production, on the strength of good sales of cameras and optical goods.

For the current six months, ending next March, Nippon Kogaku expects a further gain in demand, in spite of the yen appreciation and intensifying competition. Sales are projected at a record ¥83bn, up 11 per cent, with current profits and net profits also at record levels, of ¥4.8bn (up 43.3 per cent) and ¥3.5bn (up 43.3 per cent).

Minolta Camera also reported record interim sales and profits, helped by brisk exports of two models of single-lens reflex cameras. The company's current profits jumped by 86 per cent to ¥3.23bn (US\$32.3m), and net profits went up by 34.6 per cent, on sales of ¥42.53bn (US\$425.3m), up 28 per cent. Camera sales accounted for 74 per cent of the total sales.

The production cost was reduced substantially by the effect of mass production, supported by strong sales. Minolta's exports accounted for 18 per cent of the total turnover, of which 90 per cent was contracted in the yen, to cope with the yen appreciation. Minolta sees its sales for the current full year ending next March at ¥80bn, for a gain of 34 per cent.

20.6 per cent, with both current and net profits at ¥5.6bn (up 40 per cent) and ¥2.4bn (up 20 per cent).

Meanwhile, Ricoh, the maker of copiers and other business machines, as well as cameras, has also announced that it expects record sales and profits for the full year.

This comes with a rise of 26.5 per cent in after-tax profits for the first half, to ¥3.72bn (US\$37.2m), from ¥2.94bn in the same period last year. The company is holding its interim dividend at the previous ¥3.75.

Ricoh's interim sales rose by 20.4 per cent to ¥97.04bn (US\$970.4m), backed by favourable sales of copier machines, which accounted for 88 per cent of the total sales. Despite the yen appreciation, the company's sales went up 12 per cent to ¥38.81bn, which accounted for 39.9 per cent of the total turnover. The appreciation in the yen resulted in a ¥1.26bn exchange loss stemming from the company's dollar-based exports (48 per cent of the total), but this was more or less offset by the effects of mass production and rationalisation measures.

For the current six months, Ricoh faces a setback in exports of copier machines, under the effect of the yen appreciation, which, however, can be covered. It is believed by stronger domestic sales. The company expects sales to reach ¥104bn, up 13 per cent, and current and net profits to be respectively ¥15.7bn (up 21.7 per cent) and ¥7.7bn (up 34 per cent).

Kimet oversubscription

BY RICHARD KOLFE

JOHANNESBURG, Nov. 13.

THE OFFER OF 2.5m shares in Kimet, the Johannesburg pyramid company whose main asset is its holding of 50 per cent of Metro Cash and Carry, the fast-growing food distributor, has attracted 864m of subscriptions from the public and with the shares on offer at 110c each, the issue is 30 times oversubscribed.

Kimet is the first new issue since last year's dotation of the listing, but unsuccessful. Ergo, the Anglo American project extracting gold, uranium and pyrite from East Rand mine dumps, and is the first new issue of an industrial company since Darling and Hodgson, the construction group, in 1973.

The extent of oversubscription will provide problems for Senbank, merchant bankers to the issue, but the Kimet board is believed to favour a compact share register, which suggests that small applications have only a minimal chance of success. No date has yet been announced for applicants' refund cheques will be extracted gold, uranium and pyrite from East Rand mine dumps, and is the first new issue of interest to the public.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

NEW FRENCH-BUILT FACTORY TO MAKE STREET LIGHTING COLUMNS

BY RHYS DAVID

Shedding light from Thornaby-on-Tees

FRANÇOIS BUOYANT car industry now has such an important stake on Britain's roads that there is a certain Gallic logic about the latest French investment in the UK, inaugurated last week at Thornaby-on-Tees, near Middlesbrough, in Cleveland.

In a 137,420 sq ft factory the fast-growing French company Petitjean will be producing street lighting columns—or lamp standards as they all to be known—ensuring that all those Renaults, Peugeots and Citroëns on British roads will have a better chance of being lit on their way with the help of a French product.

Petitjean, whose new factory was opened by Mr William Rodgers, Secretary for Transport, is yet another French post-war industrial phenomenon—a company which has come from nowhere to world scale in only 20 years. Its founder, M. Daniel Petitjean started selling bicycles after the war, later switched to making them, and with the experience he had gained in forming metal decided to manufacture a novel type of lighting column using sheet steel rather than conventional steel tubes or concrete.

The process, which has required the development of bigger and bigger presses, involves folding sections of sheet steel to form a many-sided hollow tube. The company's presses in Middlesbrough and France are capable of folding sheet up to 15 metres long and if a taller column is required this can be

Export growth

Since 1937 when his first press came into operation, M. Petitjean's company has increased turnover to FFs 350m (£41m), and now claims to be the world's biggest manufacturer of lighting columns, or candelabres, as the French call them. In France the company has 70 per cent of the market, and in Britain it has secured 20 per cent by direct exports from France, including an estimated half of motorway installations. M. Petitjean's poles and masts are in fact to be seen all around the world. Pilgrims arriving by night in Mecca will get their first glimpse of the holy places under the illumination of lights suspended from the French company's poles.

But while Petitjean's growth has not been unusual its choice of the UK for its first manufacturing unit away from its main

base in Troyes, 100 miles south-east of Paris, is perhaps surprising. French companies have never been in the vanguard of overseas investment and have tended to regard Britain, with its reputation for difficult industrial relations, as one of the last places to risk capital.

The credit for persuading the company to bring possibly as many as 200 jobs in the long term to the North East goes largely to M. Paul Golay, an Anglophile Frenchman resident in Britain for 23 years, the last 10 of them with Petitjean as its London-based director in charge of sales to the British market.

While the claims of Germany as a second manufacturing base were strong, M. Golay was able to persuade M. Petitjean, still very much the dominant patron that Britain had a number of advantages. In the first place Britain happens to be a very good market for lighting columns. Compared with France or even Germany, Britain is much more built up, and because towns are very often close to each other the gaps tend to be filled in with street lighting.

The M1 with its 48 miles of continuous lighting is probably a world record of its kind, according to M. Golay, and there are other British lighting firsts. If, anywhere in Europe, there is a bigger area lighting scheme—clusters of high intensity lights on a single very high mast—than in Glasgow, M. Golay has yet to hear of it. For this scheme Petitjean supplied 112 masts 35 metres high.

There is also the prospect of renewed growth in the UK market which has been affected since the oil crisis four years ago by cuts in public expenditure on roadbuilding. Though motorway building is unlikely to regain its previous peaks, a number of motorway lighting schemes are going ahead. The company is also hoping to benefit from the switch which the Post Office will be making in the 1980s from wood to steel telephone poles, creating a large and continuing new market. Petitjean has won an initial order in the UK too, for a new design of electricity pylon. A single or H-shaped structure, it has already been introduced in France and could eventually change the appearance of the countryside by replacing the lattice towers which now support high voltage power lines.

The size of the UK market, which was after all already being successfully penetrated by exports from France, was not the clincher, however. An important attraction was the worldwide role played by British consulting engineers. The establishment of a British manufacturing base was seen as important in getting the company's products specified in some of the major contracts for which UK consulting engineers are responsible in the Middle East, Africa and Asia.

With these opportunities in mind both in Britain and over-

seas, Petitjean's move into UK manufacturing is going to be bold. The French plant, which employs about 1,200 people, can produce 5,000 columns a day and its British sister will build up within a few years to around 1,000 columns a day.

Plant capacity

The policy of the company, M. Golay points out, has always been one of investment well ahead of demand. Export orders when they come, can be very large so the UK plant will have the capacity to meet them, and it will also be in a position to back up the French plant when it has a big order to deliver.

The company has also consciously sought to concentrate its strength on the business it knows best—folding sheet steel into columns. It has resisted the temptation of moving into other street furniture such as bollards, crash barriers, and traffic signs, and has eschewed a move into lighting equipment itself, where it would be competing with the big companies it has to work with. Where it has expanded it has been almost entirely into closely allied fields, such as pylons, antennae masts, and flagpoles.

It is a scale of operation and single-mindedness which suggests the somewhat fragmented UK industry could be in for a blast of very keen competition. The UK industry consists of about a dozen companies of which the most important are the British Steel Corporation

and Concrete Utilities, with BIGC, Hemcel, Fabricat, and Abacus also in the field. Paradoxically, the BSC makes concrete as well as tubular sheet columns, and also supplies smaller companies with tube, while Concrete Utilities is in sheet and tubular steel as well as concrete. The Thorn Group, a major manufacturer of lighting carried on the columns, also has a stake through its Metal Developments subsidiary, which makes aluminium columns.

It remains a puzzle to M. Golay that companies should be still making concrete or tubular steel at all, and for safety reasons alone he is convinced the sheet column will take over. Roughly 10 per cent of road fatalities, he points out, are caused by impact with street lighting columns.

Despite his confidence in the Petitjean product, however, the move to Middlesbrough remains an act of faith, and M. Golay admits he now has to show his colleagues how successful it can be. As a long time resident who believes his understanding of British ways is hope-ful Co-operation with the unions in setting up the plant has been very good and he has been impressed with the level of skills he has been able to attract. "I am sure we can equal the French company in efficiency. The British have developed a sense of ingenuity because they do not like doing it the hard way. This will enable us to compete and still have a tea break," he says.



Coutts & Co

Coutts & Co. announce that their Base Rate will be increased from 11½% to 12½% per annum for balances in their books on and after 14th November, 1978 and until further notice.

The Deposit Rate on monies subject to seven days notice of withdrawal will increase from 8½% to 10% per annum.



National Westminster Bank

NatWest announces that with effect from Tuesday, 14th November, 1978, its Base Rate is increased from 11½% to 12½% per annum.

The basic Deposit and Savings Account rates will be increased from 8½% to 10% per annum.



Base Rate

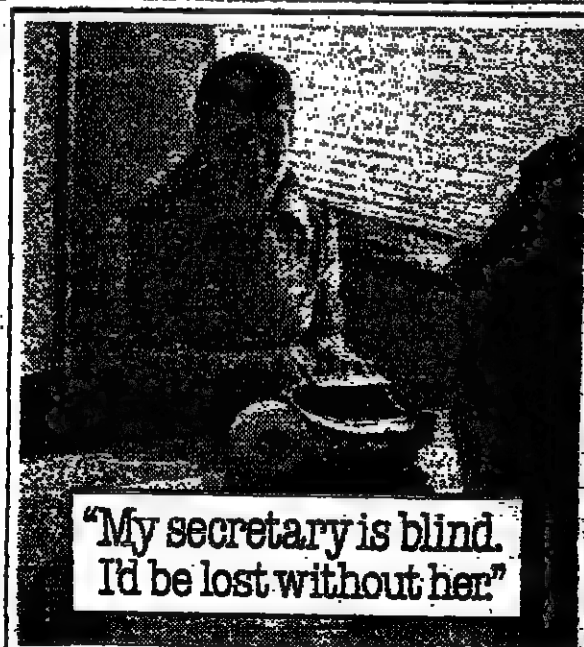
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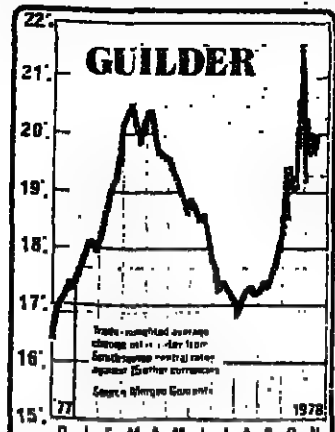


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Currency Money and Gold Markets

Dollar steady in quiet trading

Trading in yesterday's foreign exchange market was quiet, with the dollar steady. The dollar was trading at DM 3.7075 against the DM 3.7100 influence. The dollar was trading at DM 3.7075 against the DM 3.7100 influence. The dollar was trading at DM 3.7075 against the DM 3.7100 influence.



Against the Swiss franc it finished at Sfr 1.8233, having touched Sfr 1.8233 during the day. Similarly the D-mark touched DM 1.8233 before closing at DM 1.8233 compared with DM 1.8233 at Friday.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed slightly to 8.8 per cent. Using Bank of England figures, its index was unchanged at 83.2.

Sterling resisted the currency trends during the day and after opening at 82.1, its trade weighted index rose slightly to 82.2 at noon when it stayed for the closing calculation. It changed from Friday. Against the dollar, sterling opened at 81.850 and briefly touched 81.850 before settling back at 81.850. Where most of the day's business was seen. With the Fed supporting the dollar it fell to 81.850.

THE POUND SPOT				FORWARD AGAINST £			
Nov 13	Nov 14	Nov 15	Nov 16	One month	Three months	Six months	One year
London	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Edinburgh	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Glasgow	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Manchester	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Birmingham	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Cardiff	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Belfast	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Sheffield	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Leeds	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Nottingham	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Coventry	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Warwick	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Gloucester	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Bristol	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Exeter	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Truro	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
St Austell	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
St Erme	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
St Austell	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
St Erme	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
St Austell	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
St Erme	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233

THE DOLLAR SPOT				FORWARD AGAINST \$			
Nov 13	Nov 14	Nov 15	Nov 16	One month	Three months	Six months	One year
London	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Edinburgh	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Glasgow	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Manchester	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Birmingham	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Cardiff	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Belfast	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Sheffield	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Leeds	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Nottingham	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Coventry	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Warwick	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Gloucester	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Bristol	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Exeter	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Truro	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
St Austell	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
St Erme	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
St Austell	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
St Erme	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233

CURRENCY RATES				CURRENCY MOVEMENTS			
Nov 13	Nov 14	Nov 15	Nov 16	Nov 13	Nov 14	Nov 15	Nov 16
London	1.8233	1.8233	1.8233	London	1.8233	1.8233	1.8233
Edinburgh	1.8233	1.8233	1.8233	Edinburgh	1.8233	1.8233	1.8233
Glasgow	1.8233	1.8233	1.8233	Glasgow	1.8233	1.8233	1.8233
Manchester	1.8233	1.8233	1.8233	Manchester	1.8233	1.8233	1.8233
Birmingham	1.8233	1.8233	1.8233	Birmingham	1.8233	1.8233	1.8233
Cardiff	1.8233	1.8233	1.8233	Cardiff	1.8233	1.8233	1.8233
Belfast	1.8233	1.8233	1.8233	Belfast	1.8233	1.8233	1.8233
Sheffield	1.8233	1.8233	1.8233	Sheffield	1.8233	1.8233	1.8233
Leeds	1.8233	1.8233	1.8233	Leeds	1.8233	1.8233	1.8233
Nottingham	1.8233	1.8233	1.8233	Nottingham	1.8233	1.8233	1.8233
Coventry	1.8233	1.8233	1.8233	Coventry	1.8233	1.8233	1.8233
Warwick	1.8233	1.8233	1.8233	Warwick	1.8233	1.8233	1.8233
Gloucester	1.8233	1.8233	1.8233	Gloucester	1.8233	1.8233	1.8233
Bristol	1.8233	1.8233	1.8233	Bristol	1.8233	1.8233	1.8233
Exeter	1.8233	1.8233	1.8233	Exeter	1.8233	1.8233	1.8233
Truro	1.8233	1.8233	1.8233	Truro	1.8233	1.8233	1.8233
St Austell	1.8233	1.8233	1.8233	St Austell	1.8233	1.8233	1.8233
St Erme	1.8233	1.8233	1.8233	St Erme	1.8233	1.8233	1.8233
St Austell	1.8233	1.8233	1.8233	St Austell	1.8233	1.8233	1.8233
St Erme	1.8233	1.8233	1.8233	St Erme	1.8233	1.8233	1.8233

OTHER MARKETS				OTHER MARKETS			
Nov 13	Nov 14	Nov 15	Nov 16	Nov 13	Nov 14	Nov 15	Nov 16
London	1.8233	1.8233	1.8233	London	1.8233	1.8233	1.8233
Edinburgh	1.8233	1.8233	1.8233	Edinburgh	1.8233	1.8233	1.8233
Glasgow	1.8233	1.8233	1.8233	Glasgow	1.8233	1.8233	1.8233
Manchester	1.8233	1.8233	1.8233	Manchester	1.8233	1.8233	1.8233
Birmingham	1.8233	1.8233	1.8233	Birmingham	1.8233	1.8233	1.8233
Cardiff	1.8233	1.8233	1.8233	Cardiff	1.8233	1.8233	1.8233
Belfast	1.8233	1.8233	1.8233	Belfast	1.8233	1.8233	1.8233
Sheffield	1.8233	1.8233	1.8233	Sheffield	1.8233	1.8233	1.8233
Leeds	1.8233	1.8233	1.8233	Leeds	1.8233	1.8233	1.8233
Nottingham	1.8233	1.8233	1.8233	Nottingham	1.8233	1.8233	1.8233
Coventry	1.8233	1.8233	1.8233	Coventry	1.8233	1.8233	1.8233
Warwick	1.8233	1.8233	1.8233	Warwick	1.8233	1.8233	1.8233
Gloucester	1.8233	1.8233	1.8233	Gloucester	1.8233	1.8233	1.8233
Bristol	1.8233	1.8233	1.8233	Bristol	1.8233	1.8233	1.8233
Exeter	1.8233	1.8233	1.8233	Exeter	1.8233	1.8233	1.8233
Truro	1.8233	1.8233	1.8233	Truro	1.8233	1.8233	1.8233
St Austell	1.8233	1.8233	1.8233	St Austell	1.8233	1.8233	1.8233
St Erme	1.8233	1.8233	1.8233	St Erme	1.8233	1.8233	1.8233
St Austell	1.8233	1.8233	1.8233	St Austell	1.8233	1.8233	1.8233
St Erme	1.8233	1.8233	1.8233	St Erme	1.8233	1.8233	1.8233

EXCHANGE CROSS RATES				EXCHANGE CROSS RATES			
Nov 13	Nov 14	Nov 15	Nov 16	Nov 13	Nov 14	Nov 15	Nov 16
London	1.8233	1.8233	1.8233	London	1.8233	1.8233	1.8233
Edinburgh	1.8233	1.8233	1.8233	Edinburgh	1.8233	1.8233	1.8233
Glasgow	1.8233	1.8233	1.8233	Glasgow	1.8233	1.8233	1.8233
Manchester	1.8233	1.8233	1.8233	Manchester	1.8233	1.8233	1.8233
Birmingham	1.8233	1.8233	1.8233	Birmingham	1.8233	1.8233	1.8233
Cardiff	1.8233	1.8233	1.8233	Cardiff	1.8233	1.8233	1.8233
Belfast	1.8233	1.8233	1.8233	Belfast	1.8233	1.8233	1.8233
Sheffield	1.8233	1.8233	1.8233	Sheffield	1.8233	1.8233	1.8233
Leeds	1.8233	1.8233	1.8233	Leeds	1.8233	1.8233	1.8233
Nottingham	1.8233	1.8233	1.8233	Nottingham	1.8233	1.8233	1.8233
Coventry	1.8233	1.8233	1.8233	Coventry	1.8233	1.8233	1.8233
Warwick	1.8233	1.8233	1.8233	Warwick	1.8233	1.8233	1.8233
Gloucester	1.8233	1.8233	1.8233	Gloucester	1.8233	1.8233	1.8233
Bristol	1.8233	1.8233	1.8233	Bristol	1.8233	1.8233	1.8233
Exeter	1.8233	1.8233	1.8233	Exeter	1.8233	1.8233	1.8233
Truro	1.8233	1.8233	1.8233	Truro	1.8233	1.8233	1.8233
St Austell	1.8233	1.8233	1.8233	St Austell	1.8233	1.8233	1.8233
St Erme	1.8233	1.8233	1.8233	St Erme	1.8233	1.8233	1.8233
St Austell	1.8233	1.8233	1.8233	St Austell	1.8233	1.8233	1.8233
St Erme	1.8233	1.8233	1.8233	St Erme	1.8233	1.8233	1.8233

EURO-CURRENCY INTEREST RATES*											
Nov. 13	Nov. 14	Nov. 15	Nov. 16	Nov. 17	Nov. 18	Nov. 19	Nov. 20	Nov. 21	Nov. 22	Nov. 23	Nov. 24
London	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Edinburgh	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Glasgow	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Manchester	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Birmingham	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Cardiff	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Belfast	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Sheffield	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Leeds	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Nottingham	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Coventry	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Warwick	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Gloucester	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Bristol	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Exeter	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
Truro	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
St Austell	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233
St Erme	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233	1.8233

The following nominal rates were quoted for London dollar certificates of deposit at one month 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. For all other banks, the rates were 10.10-10.20 per cent; three months 11.40-11.50 per cent; six months 11.70-11.80 per cent; one year 12.00-12.10 per cent. 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TUESDAY 5th DECEMBER 1978 AT 11 AM
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BOURNIE: 117-473 PM
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Gilts more orderly after last week's tap exhaustion

Equities also edge forward awaiting today's trade figures

was reasonably brisk and, with stock in short supply, prices were quick to respond to buying interest. British Petroleum advanced to 814p before easing back late to finish 24 higher on balance at 805p, while Shell followed a similar pattern, closing 15 higher at 371p, after 350p. A

report that Egypt is to suspend peace talks with Israel and recall its delegation from Washington prompted some late profit-taking. Among the more speculative issues, Oil Exploration pushed ahead to close 10 dears at 220, while gains of around 8 were marked against Lamo, 136p, and Tricentrol, 170p xd.

Rothschild investment rose 4 to 191p on the assets revaluation. Elsewhere in Trusts movements were limited to a few pence either way.

A slightly better trend in Ship pings was reflected in a rise of 2 to 210p in P. and O. Deferred Stag Line gained 10 in 100p ahead of the results due shortly.

Following suspension of dealings at the opening, dealings were resumed in Dawson International and John Haegs after the agreed merger terms were announced. Dawson, ex the 1-for-1 scrip issue, closed 3 off at 78p, with the A at 86p. Haegs touched a new peak of 190p before closing a net 4 up at 182p. David Dixon rose 4 1/2

1100, the interim results are due on Wednesday. Sunbeam Woolsley rallied 4 to 4 1/2 following an investment recommendation, while further consideration of Thursday's excellent interim statement left Ash Spinning 4; better at 60p.

After trading quietly for most of the day South African Gold began to gather strength in the after-hours trade in line with the improvement in the bullion price which closed \$2.30 better at \$210.125 per ounce.

Most of the late interest in the share market came from American sources and reflected a dovish turn on Wall Street.

£12. Among the medium priced issues Klond advanced 22 to 493 while in the cheaper-priced stocks Siffonia put on 6 to 282 in response to favourable Press mention.

Platinums edged up a penny or so with the exception of Impulse, which fell 4 to 170 1/2 in front of the chairman's statement.

These indices are the joint

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

1 CAPITAL GOODS (171)

2 Building Materials (27)
3 Contracting, Construction (22)
4 Electricals (14)
5 Engineering Contractors (14)
6 Mechanical Engineering (72)
8 Metals and Metal Forming (16)
CONSUMER GOODS
11 (DURABLES)
12 Lt. Electronics, Radio, TV (16)

13	Household Goods (12)
14	Motors and Distributors (25)
	CONSUMER GOODS
21	(NON-DURABLE) (172)
22	Breweries (14)
23	Wines and Spirits (6)
24	Entertainment, Catering (17)
25	Food Manufacturing (19)
26	Food Retailing (15)
29	Newspaper Publications (17)

32 Newspapers & Publishing (16)
33 Packaging and Paper (15)
34 Stores (40)
35 Textiles (25)
36 Tobacco (3)
37 Toys and Games (6)
41 OTHER GROUPS (39)
42 Chemicals (19)
43 Pharmaceutical Products (7)
44 Office Equipment (6)

45	Shipping (10).....
46	Miscellaneous (57).....
49	INDUSTRIAL GROUP (495).....
51	Oils (5).....
50	500 SHARE INDEX.....
61	FINANCIAL GROUP (100).....
62	Banks (6).....
63	Discount Houses (10).....
64	Hire Purchase (5).....

65	Insurance (Life) (10)
66	Insurance (Composite) (7)
67	Insurance Brokers (10)
68	Merchant Banks (14)
69	Property (31)
70	Miscellaneous (7)
71	Investment Trusts (50)
81	Mining Finance (4)
91	Overseas Traders (19)

FIXED INTEREST PRICE		
British Government	Mon. Nov 13	Day chan. %

1	Under 5 years.....	102.44	+0.8
2	5-15 years.....	111.49	+0.1
3	Over 15 years.....	115.77	+0.1
4	Irredeemables.....	119.85	—
5	All stocks.....	109.27	+0.3

15	20-yr. Red. Deb & Loans (15)
16	Investment Trust Prefs. (15)
17	Comm. and Indl. Prefs. (20)

2 Redemption yield. Highs and lows are shown. A list of the constituents is available from London. ECAP 48V, price 13p, by post 22p.

DEALING DATES

First Deal-	Last Last-	Declara-	For Settle-
ing	ing	ment	ment
Nov. 7	Nov. 20	Feb. 5	Feb. 20
Nov. 21	Dec. 4	Feb. 22	Mar. 8
Dec. 5	Dec. 18	Mar. 8	Mar. 20

For rate indications see end of Share Information Service

Money was given for the call of English Property, Town and City, Burton Warrants, Bath and

Portland, Cooper Industries, Leduc Oil, Carron, Associated Leducs, Capital and Counties Property, Mount Charlotte Pacific Copper, Hampson Industries, Rainers and Alford Breweries. A but was arranged in Barker and Dobson, with double options were completed in Burton Warrants, Grand Metropolitan, Adda International Hotels, Hongkong and Shanghai Banking and Duplex.

ACTIVE STOCKS

Stock	Denomina-	No. of	Closing	Change	1978	1978
		marks	price (p)	on day	high	low
Shell Transport...	25p	14	577	+13	602	484
BP	£1	12	908	+34	926	720
ICI	£1	8	247	+0	421	328
Barclays Bank	£1	7	348	+8	368	296
Marks & Spencer	25p	7	83	+1	94	67 1/2
Torvald	20p	7	143	3	174	124
Allied Breweries	25p	6	82	1	84	72 1/2
Becham	25p	6	63 1/2	—	74 1/2	58 1/2
Dunlop	20p	6	88 1/2	—	90	86
GEC	25p	6	313	+7	340	234
Metals Box	£1	6	314	6	354	285
NatWest	£1	6	272	4	298	220
P. & O. Dard.	£1	6	81 1/2	+2	118	70
RTZ	25p	6	234	+3	263	184
Royal Insurance	25p	4	348 1/2	+8 1/2	423	338

Activity in Australians was minimal reflecting the continuing poor performance in overnight Sydney and Melbourne markets.

Base-metal producers drifted easier with falls of 2 to 3% to BH South and Mount Lyell at 112p and 28p respectively.

Tins were lower across the board reflecting the sharp falls in

Hong Kong and Singapore in diamond expiration issues. Ashton Mining hardened 2 to 60p. Considine Relinto 4 to 35p and Northern Mining a penny to 56p. Markets, coupled with continuing concern over possible state participation, Ayr Haman, 310p and Trench, 310p were both off, while falls of 3 were common in Derwent, 210p, Southern Copper, 200p and Sangei Sel, 200p.

[illegible]

NEW HIGHES AND LOWS FOR 1978			
The following are listed below by Stanes International, Inc. Saturday January 13, 1978.	INDUSTRIALS (H)		
NEW HIGHES (7)	Carroll Carr & Mac & Mac	McC McC McC & Mac	McC McC McC & Mac
STONES (1)	PAPER (H)		
FOODS (1)	PROPERTY (H)		
INDUSTRIALS (1)	SHOES (1)		
NEWSPAPERS (1)	TOBACCO (1)		
PROPERTY (1)	TRUSTS (1)		
TEXTILES (1)	MINES (1)		
NEW LOWS (35)	RECREATION CORP.		
BRITISH FUNDS (2)	YESTERDAY		
AMERICAN FUNDS (2)	RISES AND FALLS		
CORPORATION LOANS (2)	Up Down Same		
COMMONWEALTH & AFRICAN LANS (2)	56 2 26		
LOANS (2)	British Funds		
BANKS (1)	Corpor.		
BEERS (1)	Foreign Bonds		
BUILDINGS (1)	Industrials		
ELECTRICALS (4)	Financial and Prop.		
PLANTS (1)	Platination		
RECENT ISSUES (1)	Nines		
ENGINEERING (2)	Recent Issues		

Recent Issues		Equities		Fixed Interest Stocks	
1-yr Yield	3-yr Yield	1-yr Yield	3-yr Yield	1-yr Yield	3-yr Yield
4.75	5.00	4.75	5.00	4.75	5.00
5.00	5.25	5.00	5.25	5.00	5.25
5.25	5.50	5.25	5.50	5.25	5.50
5.50	5.75	5.50	5.75	5.50	5.75
5.75	6.00	5.75	6.00	5.75	6.00
6.00	6.25	6.00	6.25	6.00	6.25
6.25	6.50	6.25	6.50	6.25	6.50
6.50	6.75	6.50	6.75	6.50	6.75
6.75	7.00	6.75	7.00	6.75	7.00
7.00	7.25	7.00	7.25	7.00	7.25
7.25	7.50	7.25	7.50	7.25	7.50
7.50	7.75	7.50	7.75	7.50	7.75
7.75	8.00	7.75	8.00	7.75	8.00
8.00	8.25	8.00	8.25	8.00	8.25
8.25	8.50	8.25	8.50	8.25	8.50
8.50	8.75	8.50	8.75	8.50	8.75
8.75	9.00	8.75	9.00	8.75	9.00
9.00	9.25	9.00	9.25	9.00	9.25
9.25	9.50	9.25	9.50	9.25	9.50
9.50	9.75	9.50	9.75	9.50	9.75
9.75	10.00	9.75	10.00	9.75	10.00
10.00	10.25	10.00	10.25	10.00	10.25
10.25	10.50	10.25	10.50	10.25	10.50
10.50	10.75	10.50	10.75	10.50	10.75
10.75	11.00	10.75	11.00	10.75	11.00
11.00	11.25	11.00	11.25	11.00	11.25
11.25	11.50	11.25	11.50	11.25	11.50
11.50	11.75	11.50	11.75	11.50	11.75
11.75	12.00	11.75	12.00	11.75	12.00
12.00	12.25	12.00	12.25	12.00	12.25
12.25	12.50	12.25	12.50	12.25	12.50
12.50	12.75	12.50	12.75	12.50	12.75
12.75	13.00	12.75	13.00	12.75	13.00
13.00	13.25	13.00	13.25	13.00	13.25
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13.50	13.75	13.50	13.75	13.50	13.75
13.75	14.00	13.75	14.00	13.75	14.00
14.00	14.25	14.00	14.25	14.00	14.25
14.25	14.50	14.25	14.50	14.25	14.50
14.50	14.75	14.50	14.75	14.50	14.75
14.75	15.00	14.75	15.00	14.75	15.00
15.00	15.25	15.00	15.25	15.00	15.25
15.25	15.50	15.25	15.50	15.25	15.50
15.50	15.75	15.50	15.75	15.50	15.75
15.75	16.00	15.75	16.00	15.75	16.00
16.00	16.25	16.00	16.25	16.00	16.25
16.25	16.50	16.25	16.50	16.25	16.50
16.50	16.75	16.50	16.75	16.50	16.75
16.75	17.00	16.75	17.00	16.75	17.00
17.00	17.25	17.00	17.25	17.00	17.25
17.25	17.50	17.25	17.50	17.25	17.50
17.50	17.75	17.50	17.75	17.50	17.75
17.75	18.00	17.75	18.00	17.75	18.00
18.00	18.25	18.00	18.25	18.00	18.25
18.25	18.50	18.25	18.50	18.25	18.50
18.50	18.75	18.50	18.75	18.50	18

Year	Month	Day	Event	Amount	Balance
1900	Jan	1	Received from ...	100.00	100.00
1900	Feb	1	Received from ...	50.00	150.00
1900	Mar	1	Received from ...	25.00	175.00
1900	Apr	1	Received from ...	10.00	185.00
1900	May	1	Received from ...	5.00	190.00
1900	Jun	1	Received from ...	2.50	192.50
1900	Jul	1	Received from ...	1.25	193.75
1900	Aug	1	Received from ...	0.62	194.37
1900	Sep	1	Received from ...	0.31	194.68
1900	Oct	1	Received from ...	0.16	194.84
1900	Nov	1	Received from ...	0.08	194.92
1900	Dec	1	Received from ...	0.04	194.96

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FT-ACTUARIES SHARE INDICES											
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries											
EQUITY GROUPS		Mon., Nov. 13, 1978					Fri. Nov 10				
GROUPS & SUB-SECTORS							Thurs. Nov. 8				
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13	Household Goods (12)	169.45	-	17.97	7.11	7.65	10.99	170.10	170.10	170.47	184.47
14	Motors and Distributors (29)	117.96	-1.0	22.57	6.74	5.64	10.99	118.79	118.79	117.89	120.39
CONSUMER GOODS											
21	(NON-DURABLE) (172)	209.13	+0.5	16.40	4.13	-8.21	202.14	201.09	202.73	200.93	204.60
22	Breweries (14)	223.34	+0.0	15.19	4.38	9.16	221.18	220.95	221.77	219.57	220.98
23	Wines and Spirits (6)	274.70	+0.8	15.50	5.24	9.63	269.65	268.50	269.55	266.91	273.17
24	Entertainment, Catering (17)	253.74	+0.8	14.40	6.99	10.13	251.75	250.49	252.77	250.28	260.19
25	Food Manufacturing (19)	280.70	+0.7	19.35	5.64	6.84	292.27	286.84	286.74	286.35	289.65
26	Textiles (24)	267.20	+0.0	10.35	4.00	10.63	219.78	219.67	219.67	216.31	223.29
27	Newspapers, Publishing (18)	369.08	-0.2	21.41	6.56	6.60	359.59	357.65	357.65	357.65	360.59
28	Packaging and Paper (15)	130.91	+0.1	19.68	7.61	6.70	130.77	131.08	131.87	131.86	131.86
29	Stores (40)	191.18	+0.3	11.92	9.22	12.08	190.54	189.70	191.85	190.28	198.21
30	Textiles (25)	173.33	-0.2	18.84	8.91	6.89	172.73	172.37	173.31	171.98	168.20
36	Tobacco (3)	221.21	+0.4	24.89	8.48	4.76	220.23	220.31	222.21	220.82	221.11
37	Other Goods (2)	91.25	+0.2	6.66	4.86	9.91	91.19	91.19	91.19	91.19	91.40
41	OTHER GROUPS (58)	193.40	+0.4	16.20	2.93	7.39	192.79	192.79	193.79	192.79	193.79
42	Chemicals (19)	277.10	+1.2	16.52	6.83	7.87	273.82	274.85	273.46	272.10	263.02
43	Pharmaceutical Products (7)	246.99	+0.1	11.51	4.22	10.57	245.34	244.94	245.86	243.33	246.06
44	Office Equipment (6)	125.51	+0.2	19.36	6.07	6.16	125.23	124.75	123.24	126.44	126.43
45	Shipping (10)	400.42	-0.6	15.52	7.55	8.23	402.88	402.26	406.66	406.58	406.59
46	Transportation (2)	208.20	+0.0	12.50	7.20	7.20	208.20	208.20	208.20	208.20	208.20
49	INDUSTRIAL GROUP (48)	213.24	+0.5	16.64	5.97	8.04	212.26	211.21	212.21	211.21	212.21
50	OilS (5)	512.41	+2.7	13.64	3.92	7.96	506.86	492.25	491.71	492.25	513.12
50	50% SHARE INDEX	227.94	-0.8	16.16	5.64	8.03	226.02	224.31	226.70	224.97	226.59
61	Financial Group (100)	160.46	+1.1	-	6.08	-	158.78	156.63	159.37	158.58	167.74
62	Banks (6)	185.57	+1.7	24.76	6.22	6.06	185.48	186.99	187.77	189.50	193.44
63	Discount Houses (10)	197.87	-0.1	-	8.80	-	199.97	198.33	198.51	198.90	202.16
64	Hire Purchase (5)	138.26	-	17.62	5.96	7.49	139.26	140.71	140.26	141.76	177.89
65	Insurance (Life) (4)	118.49	-0.9	-	7.31	-	127.34	126.08	126.48	126.59	139.70
66	Insurance (Composites) (7)	118.69	+1.3	-	-	-	115.12	115.12	115.12	115.12	115.12
67	Insurance Brokers (10)	134.25	+0.5	15.10	5.27	9.47	131.60	130.69	130.24	130.99	139.58

98	Merchant Banks (14).....	76.12	-0.6	—	6.93	—	76.55	76.55	76.72	76.73	66.85
99	Property (31)	245.05	+1.1	3.55	3.97	48.01	242.46	245.68	249.04	247.68	227.08
00	Miscellaneous (7).....	104.79	-0.3	24.15	8.93	5.56	105.94	104.86	105.51	106.16	106.41
71	Investment Trusts (50).....	200.49	-0.1	—	5.27	—	200.76	199.36	199.62	200.14	198.67
81	Mining Finance (4).....	102.71	+1.7	18.30	6.93	6.73	103.94	109.47	101.55	101.73	99.87
91	Overseas Traders (19).....	309.05	+0.4	16.04	7.48	7.82	310.29	307.78	309.96	310.16	279.78
99	ALL-SHARE INDEX (673).....	217.26	+0.8	—	5.77	—	215.53	214.65	215.43	215.23	215.43

FIXED INTEREST PRICE INDICES					FIXED INTEREST YIELD								
					BY GOVT. AND GRASS ROOT		Mon., Nov. 13		Pct., Nov. 10		Year-ago (approx.)		
	Mon., Nov. 13	Day's change %	wd adj To-day	wd adj 1933 to date									
British Government					1	Long	5 years	9.64	9.64	6.45			
					2	Coupons	15 years	11.50	11.52	9.27			
					3	"	25 years	12.25	12.28	10.87			
Under 5 years.	102.94	+0.07	—	8.19	4	Medium	5 years	12.72	12.73	9.01			
	5-15 years.	121.49	+0.11	—	8.37	5	Coupons	15 years	12.74	12.75	10.16		
						6	"	25 years	12.74	12.75	10.41		
Over 15 years.	115.97	+0.34	—	12.59	7	High	5 years	12.82	12.84	9.29			
	Irredeemables	119.85	—	13.32	8	Coupons	15 years	13.27	13.28	11.17			
					9	"	25 years	13.32	13.33	11.22			
All stocks	109.27	+0.20	—	9.94	10	Irredeemables		12.16	12.15	10.02			

	Monday, Nov. 13	Friday, Nov. 10	Thursday, Nov. 9	Wednesday, Nov. 8	Tuesday, Nov. 7	Monday, Nov. 6	Friday, Nov. 3	Thursday, Nov. 2	Year approx.	
	Index	Yield %								
15	20-yr. Red. Deb & Loans (15)	85.07	15.47	85.18	85.25	86.06	86.12	86.15	86.15	62.46

16	Investment Trust Prefs. (15)	51.43	51.54	51.43	51.53	51.88	51.88	51.85	51.70	51.68	51.65
17	Conil. and Indl. Prefs. (20)	71.60	71.06	71.78	71.78	71.79	71.86	71.90	72.00	71.80	78.25

² Redemption yield. Highs and lows record, base rates and values and constituent changes are published in Saturday SMER. A list of the constituents is available from the P-publishers, the Financial Times, Bracken House, Cannon Street, London. ECAP 48V, price 15p. by post 35p.

Prudential Unit Trst. Mgmt. Ltd. (a)
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INSURANCE AND PROPERTY BONDS

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INSURANCE BASE RATES

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 Address shown under Insurance and Property Bond Tab

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